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NEWS SUMMARY

GENERAL

Iranian accused of siege murders

Iranian dock-worker Fowzi Badavi Nejad, 23, was remanded in custody until May 15 when he appeared before magistrates in London on four charges in connection with the embassy siege, including two of murder.

Commander Peter Duffy, head of the anti-terrorist squad, objected to bail, saying numerous threats had been made against Nejad.

Earlier, the embassy's charge d'affaires Dr. Ali Afrouz said he had offered to die in return for the release of other captives. He said he bared his chest to a gunman and asked him to shoot. Bani-Sadr's cabinet, Page 4.

Tito's funeral

Yugoslavia's President Tito was buried in the hills above Belgrade after a farewell from more than 1m people, including dozens of world leaders. Page 3 and Back Page

Autonomy blow

Egyptian President Anwar Sadat called for an indefinite postponement of the Palestinian autonomy talks with Israel and the U.S., according to U.S. Middle East envoy Sol Linowitz.

Israeli raid

Israeli troops raided two Palestinian guerrilla positions deep in Lebanon, inflicting several casualties. Page 4

Life for brothers

Two brothers were jailed for life at the Old Bailey for killing water board official John George last year in a Surrey wood.

Smallpox defeat

World Health Authority said smallpox had been eradicated in all countries.

Peach inquest

One heavy blow to the side of the head caused the death of teacher Blair Peach during the last year's Southall riots, pathologist Arthur Mant told the Hamemrsmith inquest.

Bell to be freed

Mary Bell, 22, convicted of the manslaughter of two children 11 years ago, is expected to be released on licence next week from an open prison near York.

Peace bid fails

National Graphical Association leaders in the eight-week provincial print craftmen's dispute rejected peace moves by print company employers. Page 11

Appeal move

Granada Television is to seek leave to appeal against the Appeal Court ruling tha it must name the British Steel Corporation employee who leaked confidential documaots.

Snakes alive

South African attempting to beat the world record of 50 days for sharing a cage with 18 poisonous snakes was bitten by a puff adder, but is continuing his challenge.

Briefly . . .

Incendiary device exploded at a Cardiff Conservative club.

PUBLISHER'S NOTICE

We apologise to our readers for the inconvenience caused by the non-publication of the Financial Times in Britain on Wednesday and Thursday. On Tuesday night, members of the EEPTU took unofficial action. On Wednesday evening we were stopped by NGA members in the foundry.

We also apologise for errors contained in this issue which are due to difficulties in the reading department.

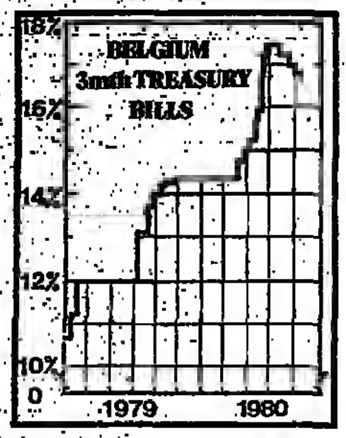
BUSINESS

Dollar improves; Gold up $6

● DOLLAR improved in quiet trading, closing at DM.1.7930 (DM1.7355). Its trade-weighted index was 85.9 (85.7). STERLING rose 38 points to $2.2858 and its index was 73.3 (73.0). Page 41

● GOLD closed $6 up in London at $516.5. Page 41

● BELGIAN National Bank cut one, two and three-month Treasury bill rates by ½ per



cent to 16½ per cent, reflecting an easing of pressure on the Belgian franc in the EMS. Page 41

● GILTS fell on news of no early cut in MLR, and the Government Securities index closed 0.30 off at 67.54. Page 44

● EQUITIES followed gilts but the fall was cushioned by renewed activity in oils. The FT 30-share index lost 2.7 to 436.7. Page 44

● WALL STREET was down 5.29 at 815.96 near the close. Page 42

● SUGAR prices in London reached thair highest level for more than five years on reports that bad weather had hit Soviet sugar beet plantings. The London daily price rose £22 to £304 a tonne. Back Page

● MONETARY controls by the Government could be extended to building societies if they try to compete more aggressively with banks for deposits, Nigel Lawson, Secretary to the Treasury, warned.

● MOST OPEC members reached agreement in principle on a long-term pricing system for crude oil, but Iran, Algeria and Libya strongly opposed the pact. Back Page

● BRITISH GAS Corporation faces a Government levy on its gas purchases from the UK continental shelf which are not subject to petroleum revenue tax. Back Page

● PETROCHEMICALS trade surplus in the UK dropped from £113m in 1978 to £8m in the first half of last year, and the industry's performance gives cause for serious concern, according to a NEDC report. Page 8

● BRITISH SHIPBUILDERS is to call for nearly 600 voluntary redundancies next Monday at Robb Caledon's Dundee yard.

COMPANIES

● LORD RAYNE unveiled a £96m deal involving the S. Pearson industrial finance and publishing group, aimed at transferring control of his business empire from private compaines to Westpool, a quoted investment trust. Back Page; Details, Page 30

● GRAND METROPOLITAN may raise its $415m (£181.5m) bid for Liggett, the U.S. tobacco and drinks group, an attorney for Grand Met. said. Page 30

● BRITISH SUGAR Corporation's first-half pre-tax profits slipped from £10.19m to £9.8m after a sharp rise in interest charges. Page 26 and Lex, Back Page

● ROYAL BANK of Scotland Group benefited from increased volumes and high domestic interest rates with first-half pre-tax profits £10.67m ahead at £51.75m. Page 26 and Lex, Back Page

Print union to defy High Court ruling over day of action

BY CHRISTIAN TYLER, LABOUR EDITOR

LEADERS OF a major print union decided yesterday to defy a High Court injunction ordering senior officials of four unions to withdraw circulars which urge their members to take part in the TUC's "day of action" next week.

The decision by the national executive of the National Society of Operative Printers, Graphical and Media Personnel, means that Mr. Owen O'Brien, the union's general secretary, *risks being in contempt of* court, for which he could face a spell of imprisonment.

The successful challenge to the legality of the TUC's day of protest on May 14 was brought on Wednesday by Express Newspapers, publishers of the Daily Express, Daily Star and London Evening Standard.

Two other unions, which decided yesterday to obey the injunction, are issuing fresh advice to their members at *Express Newspapers only.* But both reaffirmed their hope that the day of action, in protest against Government policies, would be "an outstanding success."

Even without the NATSOPA *decision, the attitude of the* attitude of the Society of Graphical and Allied Trades, the National Graphical Association, and other unions with Fleet Street members, makes it virtually certain that no national newspapers will be published next Wednesday morning.

NATSOPA's decision was announced by Mr. Bill Keys of *SOGAT after his own unioo's* national executive council had met, and was later described as "overwhelming." Mr. O'Brien himself refusad to comment.

Mr. Keys said it was now up to his members employed by

Newspapers weather storm Page 10
NGA rejects peace terms Page 11
"Absolute right" of workers to work Page 12

Express newspaper to decide whether to take the day off. The union had argued in court that they had the "right to freedom of expression and to freedom of assembly." SOGAT would defend any members who stopped work and were the subject of action taken by an employer.

Mr. Keys said: "I would be very surprised if any newspapers are printed on May 14. Our members have the same feeling of frustration with the Government and the vast majority of members will take the day off in response to the TUC's call.

In 1970, the Newspaper Publishers Association was granted an injunction against SOGAT over a planned stoppage to protest abont the previous Conservative Government's labour legislation. The onion *ignored the decision,* but no further action was taken.

The penalty for cootempt of a High Court order can be an unlimited fine or an indefinite jail seotence—lasting until tha judge who mada the order is satisfied that the offender has purged his contempt.

Yesterday's events add a further dimension to the already considerable controversy over the TUC's protest.

Mr. Justice Griffiths ruled in the High Court on Wedoesday that unions had no legal grounds for inducing members to breach their contracts for what was a "political stoppage of work." None of the unions is to appeal.

Employers continued to make *efforts to ensure that May 14 is* a normal working day. British Rail, which hopes to be able to provide some services, yesterday countered the rail union's call for action by sending circulars to all its staff, asking them to say whether they would be reporting for work.

Some railmen and busmen voted at local nnion meetings to ignore the day of action.

Bank acts to boost liquidity

By David Marsh

THE BANK of England yesterday took steps to boost banking liquidity in a bid to prevent short term interest rates rising.

It is extending a total of £1.5bn in temporary facilities which were granted to the banks earlier this year to meet liquidity shortages. The move has been made *necessary by continued* shortages of funds in the money markets partly caused by high bank lending, which is still rising quite starply in spite of the Government's tight money policy.

The upward pressure on short term interest rates underlines the warning on Wednesday by Sir Geoffrey Howe, Chancellor, htat there will be no early cut in Minimn Lending Rate.

Sir Geoffrey's statement depressed gilt-edged prices yesterday by up to ¾ point for longer dated stock and ½ for short term stocks. It also dampened demand for the new tap stock 13½ per cent *Exchequer 1992* which went on offer. Less than 20 per cent of the £1bn nominal on offer is believed to have gone, with £20 per cent payable yeserday.

The bond market had *risen strongly at the end of* last month on hopes that MLR would soon start to decline. But there seems little chance of a rednction at least for another month or two as the Goverment is *still not confident that* bank lending has come down sufficiently.

The authorities are still extremely cautious about reducing interest rates in spite of official figures this week indicating that money supply growth in the last six months has fallen to the lower end of the Government's 7 to 11 per cent target range.

The extension of liquidity aid is in two parts. The Bank is cancelling the recall of £500m of special deposits, which were to have been repaid next Wednesday. However, the Bank says it may recall the deposits at any time should this become appropriate.

It is also extending until next month a £1bn loan to the London and Scottish clearing banks involving the sale and repurchase of gilt-edged stock. This was to have been repaid on May 12 and May 19.

Parliament, Page 12
Lex, Back Page

New lay-offs in U.S. motor industry

BY IAN HARGREAVES IN NEW YORK

FOR MOTOR yesterday slashed its capital spending plans, General Motors (GM) announced another wave of lay-offs and Chrysler reported a $449m (£197m) loss for the first three months of the current financial year as the U.S. motor industry responded to another sharp fall in domestic car and truck sales.

The GM move—it is laying off a further 10,000 lowly paid workers next week, taking its total of laid-off employees to 136,000—means that at least 275,000 motr industry workers will be laid off next week, over a third of the U.S. industry's workforce.

This means the industry will have laid off almost as many people as the 300,000 affected at the low point of the 1975 slump. Planned car production levels for the current quarter are already below the comparable 1975 level and car sales in April fell to within a whisker of their lowest monthy tota in 1975.

Ford's announcement that it was cutting $2.5bn from its $16bn spending programme between now and 1984 came at the company's annual meeting.

Mr. Philip Caldwell, chairman, said the company had "taken a very hard look at ourselves and challenged every planning assumption, every product decision and every expenditure in all parts of our business."

The company also revealed that, in its costliest bid so far to revive sales, it will offer cash rebates of between $100 and $500 on its entire U.S. car range.

Dividend

Chrysler's first quarter loss was in line with recent Wall Street estimates but greater than the company's official forecast to the U.S. Government, which had been raised twice this year.

GM, which this week redneced its quarterly dividend has said it too may lose money in the current quarter. All three major U.S. motor manufacturers would then have lost *money* in the quarter probably the first time that such an event has occurred.

Chrysler sales fell by 29 per cent to $2.35bn and the company's share of the U.S. car market fell to 9.5 per cent compared with 10.6 per cent in the same three months last year.

Chrysler is still sticking to its forecast that the overall loss this year will be $750m, although it oow seems unlikely *that the actual loss will be less* than the $1.1bo of 1979, the worst one-year loss by any company in U.S. history.

The Government's Chrysler Loan Guarantees Board plans to meet this afternooo, but there was still no firm indication that the Board would aonounce whether Chrysler had qualified for $1.5bo in Government loan guarantees.

Campaign

There is little doubt that the Board is on the brink of approving the aid. But it appears to have decided to try to finalise all the details before making an announceoient, oow that Chrysler's most urgent cash needs have been met by a $150m loan from the State of Michigan.

Another development yesterday was the decision by the United Autoworkers' Union to take its campaign for protection from motor imports to the International Trade Commission, a semi-autonomous Government body whose support would help the union towards its objective of slowing down car imports from Japan.

Mr. Douglas Fraser, president of the union, will again outline his view on the need for industry protection at a top-level meeting of industry, labour and Government officials at the White House next week.

Speech

President Jimmy Carter, however, has recently repeated his belief that protection would be undesirable on international trade and fuel conservation grounds.

Mr. Thomas Murphy, GM chairman, also made a speech yesterday, strongly urging the Government to avoid protectionism "in any form."

He said GM woold be "back on course" before the end of the year, and forecast that car sales in the U.S. this year would total between 10m and 10.5m, slightly dowo from last year's 10.66m.

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The U.S. economy featnre Page 24

£ in New York

—	May 7	previous
spot	$2.2910-2930	$2.2770-2785
1 month	1.53-1.45 dis	1.20-1.15 dis
3 months	3.35-3.25 dis	2.47-2.40 dis
12 months	6.70-6.40 dis	6.00-5.80 dis

UK publishes Bill for sanctions against Iran

BY RICHARD EVANS IN LONDON AND JOHN WYLES IN BRUSSELS

THE GOVERNMENT is seeking powers to prohibit future contracts by UK companies with Iran under a Bill pnblished yesterday that will be rushed through Parliament next week.

The specific form of economic sanctions remains unclear and will depend on decisions by EEC Foreigo Ministers at a meeting in Naples on May 17.

The Community is bracing itself for a critical reaction from the U.S. to strong indications that Community sanctions will be much more selective than expected.

Having rallied two weeks ago to President Jimmy Carter's call for resounding support from European allies for his efforts to secure the release of the Tehran hostages, the Nine find themselves in a position which is both delicate and embarrassing.

A mixture of fears for natiooal interests and genuine legal complexities means that none of the Nine appears ready or able to ban all existing commercial and service contracts with Iran.

As a result, Western Europe's trade sanctions will be much more partial than the U.S. had expected and will undoubtedly raise doubts about the strength of EEC support in the hostage crisis.

But the Foreign Minister's decision on April 22 to ban new export and service contracts will still hold, together with the *rundown of the Nine's* diplomatic representations in Iran.

The U.K. Bill provides broad powers, which will be used in tandem with existing Acts, to exert pressure on the Iranian *authorities to release* the U.S. hostages.

It does not cover banking or financial services, and there are no signs that existing contracts such as the supply of car kits by Talbot will be affected.

Once the Iran (Temporary Powers) Bill becomes law after Commons debates on Monday and Tuesday, Orders can be laid by Ministers, giving specific powers to introduce sanctioos.

These would come into effect immediately, but would be subject to approval by Parliament in 28 days or otherwise lapse automatically.

Many MPs on both Conservative and Labour benches were deeply unhappy at the decisin to take powers to bring in sanctions. The lagislation will face heavy criticism.

Abut 70 Labour MPs are expected to oppose it on a free vote, including some Shadow Cabinet members. Soma Tory

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Walker hints at farm price deal

BY MARGARET VAN HATTEM IN BRUSSELS

BRITAIN WILL accept average farm price rises of 5 per cent as soon as its demands for a cut in its contribution to the Common Market budget are met, Mr. Peter Walker, the Minister of Agriculture, has made clear.

Although tha Minister did not spell out such a deal, his answers to questions on Wednesday night io Brussela after a meeting of EEC Agriculture Ministers left little doubt that an agreement on farm prices *was inseparable from the budget* qnestion.

Yesterday in the Commons Mr. Walker reaffirmed that settlement of bte budget issue was a precondition to settlement in other Community matters. The freeze on farm prices was Britain's "trump-card."

This year's farm-price review, which will cost the EEC budget an estimated £1.1bn over the next full year, was this week conculded in all but name.

Farm Ministers settled the major part of the package outstanding from their previous meeting in Luxemburg last week and it became clear that there would be no renegotiation *of the price risces agreed then* by all member Stetes except Britain.

The UK still maintains its reserve on the price rises agreed for surplus products like milk and sugar but Mr. Walker gave the strongest indication so far forthcoming from any member of the UK Government that this reserve would be lifted as soon as the dispute over Britain's budget contribution *was settled.*

The price rises will add about £160m to Britain's net contribution to the EEC bndget in the 1980-81 farming year. The net contribution for the 1980 calendar year was previously estimated at £1.1bn, by far the largest contribution paid by any member State.

Walker firm on food price trump card Page 12

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For latest Share Index 'phone 01-246 8026

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Bestobell	245	+ 7
Pifco	135	+ 7
Polly Peck	37	+ 8
Porter Chadburn	59	+ 5
Sandhurst Mrking	78	+ 5
Berkeley Explor.	165	+ 21
LASMO	628	+ 23
Siebens (UK)	840	+ 40
Cons. Gold Fields	460	+ 12
RTZ	358	+ 10

FALLS		
Excheq. 11¼pc '84	£91½	− ½
Treas. 11½pc '01-04	£85⅛	− ½
BPB	182	− 7
Babcock and Wilcox	92	− 5
Bilton (Percy)	235	− 11
Clifford's Dairies A	94	− 4
Costain	136	− 4
Ferranti	505	− 9
Hambros	396	− 7
Henlys	80	− 8
Kitchen Queen	15	− 2
LK Ind. Invs.	19	− 4
Lex Service	80	− 4
Mowlem (J.)	98	− 4
Prov. Financial	115	− 3
Royal Bk. Scotland	80	− 5
Seccombe Marshall	235	− 15

15 African leaders due at summit in France

By David White in Paris

THE ECONOMIC problems facing many black African countries as a result of the rise in oil prices are expected to dominate a two-day Franco-African summit meeting starting in Nice today.

The conference, the seventh of its kind, brings together France and 25 African and Indian Ocean countries, of which eight have observer status. Fifteen beads of state, including President Valery Giscard d'Estaing, are due to attend the summit, which comes just after the Organisation of African Unity's special economic meeting in Lagos.

The number of countries brought into the Franco-African meetings has increased from 19 at the first summit in Paris in 1973 and 22 at last year's in Kigali, Rwanda.

The importance of this meeting in the eyes of the French Government can be measured by the fact that President Giscard chose to attend rather than go to President Tito's funeral in Belgrade yesterday. The French head of state was hosting a dinner for the African leaders last night.

M. Giscard is expected to try to re-launch his project of a "trilogue" between Europe, the Arab world and Africa, which he proposed a year ago.

A study by the French Ministry of Co-operation shows the net oil bill of 12 French-speaking African states—not including oil-exporting Gabon—rising to CFAFr 250bn (£520m) this year, more than twice the 1978 level. This increase has not been matched by aid from the OPEC countries.

The summit is likely to discuss development of energy resources, plans for self-sufficiency in food and the stabilisation of commodity prices. President Giscard is also expected to press the idea of a pan-African military force to take over part of the role hitherto played by the French in conflicts such as the 1978 Zaire rebellion.

The summit comes as France has started to move its 1,100 remaining troops out of Chad, where the civil war may result in two delegations being sent from that country.

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Roger Boyes in Bonn assesses the election prospects in North Rhine Westphalia

Anxious eyes watch the barometer of power

CHANCELLOR Helmut Schmidt and West Germany's ruling Social Democratic Party will be praying for good weather this Sunday—because rain in the key state of North Rhine Westphalia could contribute to a serious electoral upset and rock the balance of power between the two major parties.

The elections in North Rhine Westphalia — which embraces the Ruhr, Germany's industrial heartland—are seen as an important pointer to voting trends in the October general elections. The state, like West Germany itself, is ruled by e Social Democrat-Free Democrat coalition and, with a population of 17m (and an electorate of over 12m), it is easily West Germany's most populous region.

If the Christian Democrat Opposition overthrows the state Government, it will not only be a blow to the Bonn coalitions public standing—a two thirds majority in the Bundesrat, the upper house. This would allow the Opposition to block important legislation introduced by the Government, and give it a crucial political advantage in a general election year.

Social Democrat politicians estimate thet, with an 80 per cent turnout, the ruling coalition will win the election. But if heavy rain or simple election fatigue lead to a turnout of 60 per cent or below, the Christian Democrats will have a strong chance of success.

Little wonder then that the main Social Democrat election slogan is "Go to the polls with Johannes Rau (the state Premier) and Helmnt Schmidt."

Pictures of Herr Helmut Schmidt (right) adorn the walls of North Rhine Westphalia, where elections take place on Sunday. The posters urge voters to "go to the polls with Johannes Rau (the Social Democrat state Premier) and Helmut Schmidt." Herr Rau faces a major challenge from Dr. Kurt Biedenkopf (left), a Christian Democrat, for premiership of the state.

Adorning the walls of factories and coal mines throughout the Ruhr are pictures of Herr Rau and Herr Schmidt, gazing honestly and reliably into the near distance.

This is the ton of the whole Social Democrat campaign—a vote for Herr Rau is a vote for the Chancellor, e vote for Dr. Kurt Biedenkopf, the Christian Democrat challenger, is a vote for Herr Franz Josef Strauss, the Opposition's contender for the West German leadership. independent-minded, left-in- — On the campaign trail, even independent-minded, left-inclined Social Democrat politicians like Dr. Ulrich Steger pin their colours on the Chancellor's handling of international crises and energy policy, the two most important issues in the state elections. "Peace and security for Germany" may sound like a tired slogan, but it still brings the biggest applause et his election meetings. Security in the Ruhr does not just mean keeping the Russians out—it also means keeping the mines open.

Rain or shine, it looks like e winning ticket for the Social Democrats, if only because there appears to be a strong antipathy to Herr Strauss in the Ruhr. Herr Strauss's last major appearance in the state was attended by 9,000 people—3,000 of them policemen—instead of 20,000 as planned. And Essen, a centre of the Ruhr steel industry, is so far the only German town where Herr Strauss has been successfully pelted with eggs. They usually fall short of the podium, ending up among the security men.

But it would be wrong to underrate the Christian Democrat's chances. Outside the Ruhr, they are likely to pick up votes in the strongly Catholic pockets on the fringes of North Rhine Westphalia. There, priests still sometimes urge their congregations to vote for the Christian Democrets and against the abortion laws. Similarly, e sympathy vote is expected for the Christian Democrats because of the sudden death recently of Herr Heinrich Koeppler, the long-standing and well-respected head of the state Opposition. There is a strong precedent for such a sympathy vote. The Christian Democrats largest gains in the state since the war came in 1958, when the then Christian Democrat leader, Herr Carl Arnold, suffered e heart attack during the election campaign.

Social Democrat analysts play this factor down, arguing that Herr Koeppler's successor, Dr. Biedenkopf, is too remote from the voters. He is a former economics professor, was active in Bonn politics, and appears on good terms with Herr Strauss. Not the right recipe, the Social Democrats argue, to win the hearts and minds of the Ruhr's hardened miners or, for that matter, the first-time voters in the universities and schools.

The Christian Democrats have to base their campaign strategy on three main pillars—on a low turnout (last year's European elections saw a turnout of just over 50 per cent in the state, so it is e reasonable hope), on first-time voters opting for the Christian Democrats or even the "Greens," the anti-nuclear Ecologists' Party (and thus away from the Social Democrats), and on undermining the Free Democrats. If the Free Democrats can he forced below the 5 per cent barrier—the share of votes needed for parliamentary representation — the coalition will collapse.

The Greens have recently captured seats in the state parliaments of Bremen and Baden Wuerttemberg, and have become e significant presence in town hall politics throughout the country. In North Rhine Westphalia they beve a good chance of representation—they won 3 per cent in the European elections last year and, with increased interest in air and noise pollntion, this could be pushed up to 5 per cent.

For the Greens, as for the major parties, North Rhine Westpbalia is a test case for the federal elections. If they win seats in the state parliament, or even just miss the target, they will clearly contest the October elections. Providing this continnes to erode young people's support for the Social Democrats, it would he good newa for the Christian Democrats.

Bnt what will happen to Herr Strauss if the Christian Democrats record big losses in North Rhine Westphalia? There has been speculation that he may step down as candidate for chancellor, but this seems neither very likely nor indeed wise, with the general elections only months away. The fact remains, however, that the Christian Democrats have recorded losses in six out of seven of their last state elections, and defeat in North Rhine Westphalia will force the party to re-think its strategy.

Christian Democrat politicians have been making noises towards the Free Democrats, aimed at enticing them away from the coalition both in North Rhine Westpbalia and in Bonn.

But such an alliance would clearly not be in the Free Democrats' interests — the party's electoral credibility rests on its achievements in the ruling coalition. Herr Hans-Dietrich Genscher, the Foreign Minister and Free Democrat chairman, has been campaigning actively in North Rhine Westphalia, and seems confident of winning 7 per cent of the vote.

North Rhine Westphalia is for all parties, large and small, an important harometer for the October elections. Meanwhile, the weather forecast for Sunday is "fair with scattered showers."

Rallis will lead Greek ruling party

By Our Athens Correspondent

VETERAN CONSERVATIVE Greek politician, Mr. George Rallis, was chosen yesterday to lead the ruling New Democracy party following the election of Mr. Constantine Karamanlis as the country's President.

The 61-year-old Foreign Minister was chosen by a narrow margin over Mr. Evanagelos Averoff-Tossitsas (70), the Defence Minister, who is associated with the party's right wing. The parliamentary caucus gave Mr. Rallis 88 votes, Mr. Averoff-Tossitsas 84.

Mr. Constantine Tsatsos, the ontgoing President, is expected today to call on Mr. Rallis to form a government.

The new leader, a lawyer by profession, first entered politics in 1950 under the banner of the right-wing Populist party. An efficient administrator, be has held several ministerial jobs

As Foreign Minister since May 1978 he ha dealt with Greece's entry in the EEC, scheduled for next January, the Cyprus issue, and Greece's disputes with Turkey over the Aegean and the problem of Greece's return to the military wing of NATO.

Despite his monarchist and right-wing past, Mr. Rallis is regarded as a moderate who could attract votes from tbe centre of the Greek political spectrum.

Mr. Averoff-Tossitsas, who has been instrumental in consolidating democratic rule since the collapse of the Junta, is expected to become Deputy Prime Minister and to keep his Defence portfolio.

Portugal offers incentives for investmemt

BY JIMMY BURNS IN LISBON

PORTUGAL HAS unveiled an ambitious package of incentives to boost privete investment.

The measures, which officials described as "the first step in a mucb broader scheme," apply to both domestic and foreign investors under th Portuguese foreign investment code.

Under existing legislation, such priority sectors as agriculture, tourism or major foreign investments like the recent Es 30bn (£270m) Renault deal already enjoy espcial tax benefits. The new scheme extends incentives to manufacturing industry, mining, and fishing until now, these industries bave been overburdened by the high cost of money and heavy taxation.

The scheme is also part of an attempt to streamline the screening of projects which bas up to now been the province of the Ministry of Finance and a *restricted* number of Government departments. Both foreign and domestic investors bave complained that appraisal was complicated and lengthy. Bnt eacb new foreign investment must still be authorised by the Foreign Investment Institute.

The new scheme also hints at cuts in corporation, industrial and property taxes, as well as lower interest rates, and government cash grants for certain "priority" sectors. In the short term, these will prohably be the industries which Portugal wants to develop for her future role within the EEC. They include high-quality textiles, automobile components, the expansion of the fishing fleet and the marketing and freezing of fish, and pyrites mining

There will also be contributions to regional development, the creation of new joos, and export-orientated productivity.

Announcing the scheme, Sr. Jose Cadilho, Portugal's Secretary of State for planning, said that the new package was compatible with the government's recently approved 1980 budget and short-term economic plan. The forecast is that fixed capital formation this year will increase by 6 per cent, against a decrease of 2 per cent in 1979, and that the deficit on current account will be beld to $800m (£351m).

But some economists believe that the push for higher growth along with greatly increased oil prices will contribnte to a worsening of Portugal's halance of payments deficit.

Swiss support for franc

BY JOHN WICKS IN ZURICH

THE SWISS central bank's intervention on the foreign-exchange market in favour of the Swiss franc totalled SwFr 5.9bn (£1.5 bn) in the first quarter.

This total resulted from interventions to support the currency plus some SwFr 1.3bn of forward U.S. dollar sales, as set against several interventions with dollars in favour of the yen and, in recent weeks, "limited" interventions in support of the dollar, it was announced at a news conference.

Swiss money supply was 10 per cent lower in the first quarter than a year earlier, according to Dr. Fritz Leutwiler, the central bank president. This is the biggest drop since the Second World War, he said.

However, it represents a reduction of last year's excessive money supply volumes and funds remain adequate for the needs of the economy, said Dr. Leutwiler. The monetary base, which the central bank now takes as the major indicator in this field, is expected to develop at about 4 per cent growth rate forecast for 1980, though there would be no sudden jumps in order to reach this target, he said.

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Warsaw Pact chief sees danger of war

BY LESLIE COLITT IN BERLIN

THE WARSAW PACT commander, Marshal Viktor Kulikov, has accused the U.S. Administration of creating conflict in various parts of the world which could set off a major war.

Marshal Kulikov, who has commanded the armies of the seven-nation alliance since 1977, compared the U.S. with Nazi Germany in the 1930s "before the Second World War."

His strident attack, one of tha toughest by the Soviet Union, was published yesterday in the East German Communist newspaper Neues Deutschland in an article marking the 35th anniversary of Nazi Germany's capitulation. Political views expressed by Soviet military leaders are always approved in advance by the politburo of the Soviet Communist party.

The Warsaw Pact leader said the Carter Administration's foreign policy was leading to conflict in various parts of the globe which at a "specific moment could get out of control politically and lead to a major war" involving the superpowers.

He accused President Carter of virtually declaring the "entire globe" to be a zone of vital U.S. interest and creating artificially an "especially tense situation" in certain areas of the world. This closely resembled "the pursuit of world domination by the German Fascists."

U.S. "ruling circles," he added, have "assumed the role of the advanced guard of world imperialism" which was played by Nazi Germany before the War. Marshal Kulikov claimed that the frequent "muscle-flexing" by the Carter Administration reflected the attempt of U.S. imperialism to regain lost positions and was an expression of its impotence in the face of changes that have taken place.

"This involves a great danger for peace and the fate of the people," he said.

Writing less than a week before the meeting of Warsaw Pact leaders in the Polish capital to mark the twenty-fifth anniversary of the alliance, Marshal Kulikov said the Pact must "improve political and military co-operation."

This could indicate that pressure will again be put on recalcitrant Romania for its armed forces to be placed under Soviet command and for the Bucharest government to raise its defence budget rather than lowering it.

Marshal Kulikov: warning the U.S. administration

Fiat to lay off 78,000 workers temporarily

FIAT IS to lay off temporarily 78,000 of its 114,000 Italian car-workers for four-seven days in June and July because of a sharp decline in export sales, writes Paul Betts in Rome. The Turin group said yesterday that the lay-offs are to enable the company to rednce by some 30,000 ears its high level of stocks.

Although demand has continued to rise in the domestic market, Fiat, which exports abont 50 per cent of its car output, has suffered from shrinking demand in France, Britain and West Germany, its main export markets.

Total car sales in Italy in the first quarter increased to 462,075 from 427,557 in the same period last year. At the same time, Fiat's share of tha domestic market rose by 2 per cent from 50.3 per cent at the last year to 52.3 per eent in March. But this increase has not offset the sharp drop in export sales, Fiat said.

Swedish price freeze

The Swedish Government yesterday extended until May 16 the six-week price freeze it imposed on March 27, when it announced a package of tax cuts and food subsidies it hoped would open the way for small wage increases in the national pay talks, writes William Dullforce in Stockholm. Officials also started negotiations with farmers over farm price increases totalling SKr 900m-SKr1bn (£212-£238m) to which they are entitled under current agreements.

Blockade threatened

The Swedish seamen's union yesterday gave notice that it would blockade 15 ships operated by Swedish shipping companies under foreign flags from May 16, writes William Dullforce. The seven companies involved had not replied by yesterday's deadline to a union demand that they stop operating vessels under foreign flags.

Swiss inflation rise

The Swiss cost of living index rose by 0.5 per cent last month, bringing the annual inflation rate back to the February rate of 4.1 per cent, writes John Wicks in Zurich. March inflation fell to 3.9 per cent, its lowest level for 10 months. Higher fuel oil and petrol prices were the main single factor in the rise.

Iran drops appeal

Iran has withdrawn its action against Canton Grisons in connection with a decision not to supply information on the former Shah's villa in St. Moritz, writes John Wicks in Zurich.

Ships ban sought

The Norwegian seamen's union has asked the Government in Oslo to ban Norwegian ships from calling at Iranian ports if the proposed western trade boycott of Iran takes effect from May 17, Fay Gjester reports from Oslo. The union fears reprisals against Norwegian ships or crews by Iranians resentful of the boycott.

Silent crowds witness Tito's burial

BY ANTHONY ROBINSON IN BELGRADE

YUGOSLAVIA'S PRESIDENT, Josip Broz Tito, was buried yesterday in a plain white marble tomb in the garden of his residence overlooking Belgrade

Inscribed in gold on the flat top was simply his name and the length of his extraordinary life, 1892-1980. But the presence of 115 state and 97 party delegations an dan enormous silent crowd which lined the two-hour-long procession route bore eloquent witness to his place in both the history of Yugoslavia and that of the turbulent 20th century.

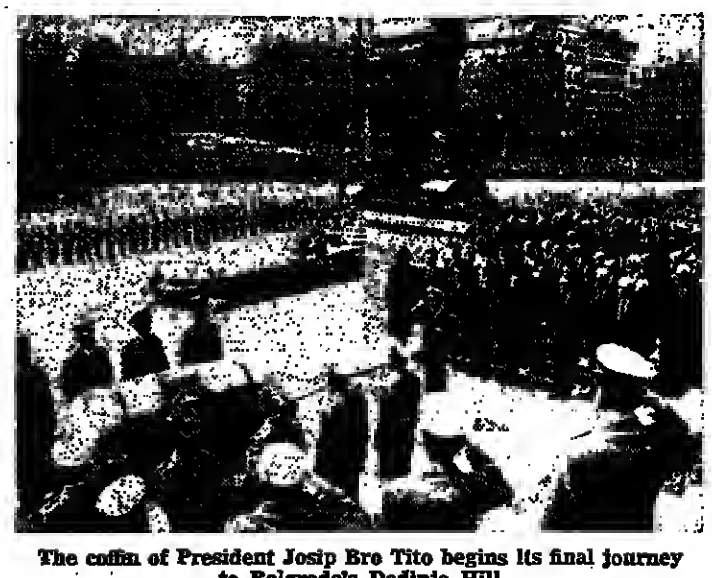
His last journey began as the plain wooden eoffin was carried out of the Federal Parliament to the strains of Lenin's Funeral March. As it emerged into the sunlight borne by officers of the armed forces, the military band started up the National Anthem and a 48-gun salute boomed out over the city. Among the serried ranks of official mourners was the President's wife, Jovanka, flanked by her two sons.

Mr. Stevan Dorojski, chairman of the collective Presidency of the Yugoslav League of Communists read President Tito's eulogy but it was far more than a eulogy of the man—it was also a reassertion of the guiding role of the Communist Party and a reaffirmation of the principles of unity, self-managemant, non-alignment, and equality of states and parties.

Yugoslavia, he said, was determined to carry on the principles forged during Tito's lifetime. He recalled the country's role during the war when Tito's partisans held down 30 fascist divisions—three times more than those employed in the African campaign by the Axis forces whose supply lines passed through Yugoslav territory.

He also recalled how Tito bad stood up to Stalin in 1948, adding that this was to assert the principle that relations between socialist countries must be based on equality, respect for sovereignty, and an independent path in the development of socialism.

It was a clear message to President Leonid Brezhnev who sat impassively in the front row flanked by his foreign minister, Mr. Andrei Gromyko. As Mr. Dorojski concluded his speech with a pledge that Yugoslavs would carry on Tito'a work, a choir broke into one of the most famous partisan songs, Druze Tito—which starts "Comrade Tito, we pledge to follow your path."



The coffin of President Josip Bro Tito begins its final journey to Belgrade's Dedinje Hill

France considers relaxing strict exchange controls

BY TERRY BODSWORTH IN PARIS

THE FRENCH GOVERNMENT hopes to relax the country's stringent foreign exchange controls within 12 months.

Proposals to change the system have won the broad approval of M. René Monory, the liberalising Economics Minister, who was behind removal of a number of administrative controls in industry and commerce in the past three years.

M. Monory has apparently been impressed by the relative calm with which removal of exchange controls in the UK was greeted by the financial markets, and feels that the present strength of the franc will make similar moves possible in France.

No decisions have been taken so far, and there is no intention of going as far as Britain in sweeping away all controls. But some relaxation may be a key element in Government plans to strengthen French commodity markets.

The aim there is to reduce fluctuations in raw material prices, which have hit French industry hard in the last few months. The plans are being pnt together by the Economics Ministry, and are dne to be introduced early next year.

The measures will inclnde greater freedom for French residents to operate in commodity futures, where their activities are at present severely limited by exchange controls.

The Economics Ministry said yesterday that the anthorities wanted to set up a regulatory commission for commodity trading which would include two Government appointees. The aim is to give the market more weight, and then to carry ont a series of measures to expand its activities, including attraction of foreign investment.

Poland's bishops call for political reform

By Christopher Bobinski in Warsaw

POLAND'S BISHOPS have called for reforms in the way the country is run and have warned the authorities against growing repression of human rights activists. The bishops ended a two-day conference in Warsaw yesterday.

They said that a solution to Poland's problems needed reforms which would give people a real say in shaping the country's destiny. They called for a elimate of calm, trust and dialogue, bnt said this could only be achieved if human rights were respected. The bishops said recent repression filled them with anxiety.

The authorities bave embarked recently on the tactic of imprisoning human rights activists on criminal charges. There has also been a worsening pattern of ill treatment of those detained.

Leniency for conspirators causes surprise in Spain

BY ROBERT GRAHAM IN MADRID

LENIENT SENTENCES passed on two army officers by a Medrid court martial for conspiracy on Wednesday have caused surprise among politicians here.

Lt. Col. Antonio Tejero, serving in the Guardia Civil and Capt. Ricardo Saenz de Inestrellas, on secondment to the National Police, were given prison terms of seven and six months. Teh proseeution had sought up to six years imprisonment on the grounds they had plotted to seize the Cabinet of Sr. Adolfo Suarez in November 1978, and demand the creation of a government of national reconciliatin.

The two men were alleged to bav ehatcbed this scheme in a Madrid cafe, the Galaxia, and planned to use cadets of the National Police Academy. It is the most serious case of proposed military adventurism since the death of Franco.

Surprise bas focussed on two aspects of the "Galaxia Plot." At the time of their arrest, the government promised a full and thorough investigation. But little evidenee was produced and the hearing lasted only ona day. The prosecution witnesses gave only brief and usually unchallenged testimony.

The sentences are also a virtual absolution since the two men bave already served their time in eustody or house arrest, and bave kept their rank without being asked to leave the service.

Many believe that even if the plot had been seriously conceived, and the officers claimed their discussion was hypothetical, it would have had little chance of success. The main concern was at the discovery that a number of senior officers within the armed forces knew about the scheme but did not inform the authorities.

Brunner will press for greater energy saving

BY JOHN WYLES IN BRUSSELS

ENERGY MINISTERS of the European Community are to meet next Tuesday for the first time in five months to discuss a proposal from the European Commission for "urgent action" to reduce the Nine's dependence on oil.

In contrast with last year when meeting almost every month, the Energy Ministers have taken a long breathing space after their efforts which culminated in December with commitments to limit national oil imports to specific levels for this year and in 1985.

At next week's meeting a report from the Commission will show that the trend in the first three months of this year indicates that 1980 oil imports should be comfortably inside the 472m tonnes Community-wide target.

Some EEC states now have increasingly credible energy-saving policies. But it is largely because of the general economic slowdown and large oil stock-piles that the import trend is well down on last year.

In his final year as Energy Commissioner, Herr Guido Brunner is seeking to build on the modest momentum generated by the Heads of Government meeting in Luxembourg last week. The final communique directed the Council of Ministers to find a co-ordinated approach to energy saving.

In a document for next week's meeting, Herr Brunner points out that on present trends the Community will still be using 70m tonnes of oil for electricity production in 1990. The discrepancies between member states will be enormous. France and West Germany will depend on oil for only 3.7 per cent and 4.6 per cent respectively of their electricity, but 49 per cent of Ireland's electricity and 44.7 per cent of Italy's will be produced with oil.

Herr Brunner will try to point Ministers toward his proposals for greater investment in energy saving and progressive harmonisation of energy prices and taxes.

OVERSEAS NEWS

S. African Senate change will keep out blacks

BY QUENTIN PEEL IN JOHANNESBURG

THE South African Government yesterday approved a plan for a multi-racial State President's Council (SPC) to replace the existing all-white Senate, but the country's majority black population will still be excluded.

The proposal is the first of a planned series of major constitutional reforms, designed to broaden tha base of South Africa's exclusively white rule, while maintaining the political separation of the black community. Only whites, coloured (mixed race), Indian and Chinese minorities will be represented on the new Council.

At the same time, the Government intends to expand the existing Parliament by a further 20 nominated members, which is likely to reinforce the control of Mr. P. W. Botha, the Prime Minister.

The announcement of tha plans coincided with a key by-election result, in which Mr. Botha's ruling National Party successfully beld off a concerted challenge from more extremely Right-wing Afrikaners.

The result in Fauresmith, a sprawling rural constituency in the Orange Frea State, wbere the National Party majority was cut from 5,000 to 3,000 votes, bnt still far out-weighed the combined total of the other candidates, should reassure Mr. Botha of his ability to press ahead with his reforms.

Nevertheless, the constitotional proposals presented to Parliament yesterday by a Commission headed by Mr. Alwyn Schlebusch, the Minister of Justice and of the Interior, and immediately given the Government's blessing, show that Mr. Botha bas been unable to win concensus within his party on a whole new constitution.

The planned President'a Council is not so much an end in itself, as a super constitutional commission, whose powers are merely advisory. Black involvement takes the form of a separate black council drawing its members from tribal bomeland governments, and community councils, which may in turn be consulted by the higher body.

Mr. Schlebusch: headed constitutional commission

The lack of black involvement in the new council was immediately attacked by the Progressive Federal Party (PFP) opposition as a nonsense.

It is likely to prevent many recognised black and coloured leaders from taking part. But even the token presence of other race groups than the whites, bas caused rumblings of revolt among National Party Conservatives.

Membership of all the new bodies will be nominated. The 20 extra Parliamentary seats will be granted on the recommendation of party leaders, in proportion to their existing numbers—so Mr. Botha will have 17 new seats to award.

Abolition of the Senate will also remove a number of more extreme conservatives from the ranks of the National Party Parliamentary caucus.

The danger of another Right-wing threat to Mr. Botha eeems to bave been removed by the by-election result. The National Conservative Party (NCP) of Dr. Connie Mulder, the former Information Minister, came a very poor third in the poll.

Wage boom is forecast by Stellenbosch survey

JOHANNESBURG — South Africans can expeet a 20 per cent increase in their pay packets this year compared with 1979. Tha increase is expected to give them 5 per cent more spending power despite continued inflation, according to an economic survey published yesterday.

Tbe economic research bureau of Stellenbosch University said in an opinion survey that South Africa's current economic boom, buoyed by higher gold prices, could be even bigger than forecast in last month's budget forecast.

Even with inflation — 14 per cent last year — continuing at much the same rate, the survey predicted a growth rate as higb as 6 per cent.

But the survey struck a cautionary note by saying that bottlenecks, particularly from shortage of skilled labour, could halt the economic upswing prematurely.

Reuter

Israelis in 'retaliation' coast raid

FIVE Palestinian guerrillas were killed and several wounded in an Israeli raid on Lebanon's southern coast early yesterday, Ihsan Hyazi reports from Beirut. According to tha Palestine Liberation Organisation, 150 Israeli soldiers landed from rubber dinghies and ambushed Palestinian vehicles at two points, 12 miles south of Beirut and sonth of Sidon.

The raid is believed to have been in retaliation for the Palestinian guerrilla attack in Hebron last week in which six Israeli settlers were killed and 16 wounded.

Shekel take-over

The shekel is to become Israel's sole currency on October 2, L. Daniel reports from Tel Aviv. The decision was made yesterday by the Knesset'a Finance Committee.

Korean student clash

ABOUT 3,000 South Korean students yesterday smashed througb a cordon of riot police attempting to seal off Wonkwang University from the nearby town of Iri, 110 miles from Seoul, Reuter reports. Eleven people, including five police, five students and a professor were injured in running battles between the demonstrators and police. The students are calling for an end to martial law and to student military training.

Similar demonstrations occurred in Seoul but there were no reports of casualties.

Aquino for U.S.

A prominent Filipino opposition leader, Mr. Benigno Aquino, left Manila yesterday for the U.S. wbere he is to undergo a heart by-pass operation, Emilia Tagaza reports. President Fendinand Marcos and the Supreme Court permitted Aquino's departure after being given an assurance that be would return to the Philippines if the operation was successful.

Zimbabwe warned of uphill battle

BY TONY HAWKINS IN SALISBURY

ZIMBABWE is forecasting real growth of about 4 per cent in 1980 according to the Government's annual economic survey published today by the Ministry of Finance.

Figures published for the first time showe that real gross domestic product fell 15 per cent between 1974 an 1979, though it was effectively unchanged last year. That reflected a steady recovery in the economy after declines of 7 per cent in 1977 and more than 3 per cent in 1978.

But the survey says that Zimbabwe faces "an unhill battle." Its terms of trade have deteriorated 32 per cent in the past five years mainly because of higher petroleum prices. Tha survey calls for "much greater strides" to rednce dependence on imported energy.

It is optimistic on exports, predicting a growth rate of at least 30 per cent in 1980 after growth of 14 per cent last year.

Tha survey says that there will be some savings on invisible account in the balance of payments as a result of not having to trade through third parties.

Whatever proportion of trade can go through the Mozambique ports of Beira and Mapnto will assist the country's export effort and help to make np for the loss of movement during seasonal peaks on tha South African system. Ne whorizons have been opened for Zimbabwean exporters with the lifting of sanctions but exporters must remain competitive in quality, price and delivery dates, the survey says.

It predicts that tha demand for imports for reconstruction and development will rise steeply and export earnings will not be sufficient to cover imports and invisibles. "The ability to meet this demand will depend on the level of capital inflows by way of loans and grants."

The survey says that a Government task of overriding importance will be to harness whatever external aid is available to the needs of peasant agriculture including resettlement, finance, agricultural extension services and the rebuilding of infrastructure. It predicts that in 1980-81 the volume of peasant farming output could rise by as much as 60 per cent as against 20 per cent for commercial agriculture.

The volume of mineral production will rise sharply this year, it says, forecasting the value of production at around Z$420m (£280m), an increase of one-third on 1979. A large proportion of this growth will come from gold and silver, the survey says.

On manufacturing the survey says that tha amount of foreign exchange needed to replace machinery and to purchase imported raw materials will exceed the supply of foreign currency. All applications for foreign exchange will therefore continue to be closely examined.

On construction, it says that a shortage of capacity is likely to act as a constraint on development. Although strenuous efforts will be made to train local people, foreign skills will have to be imported and special attention is being given to replacement of imported construction machinery. Construction output is expected to expand by 15 per cent this year.

The survey shows that employment in 1979 was virtually unchanged at 990,000. This year there should be growth of some 50,000 jobs which would take the employment total close to its 1975 peak of 1.052m.

After inflation of just over 12 per cent In 1979, the survey says it bopes that the improvement in the country's competitive position and the use of previously spare capacity will moderate tho rate at whicb prices rise this year. But a great deal will depend on the cost of imports, especially fuel, and on wage and productivity trends.

Iraq call for Britain 'to be punished'

Beirut. Iranian - Arab students in Iraq have called for Britain to be punished for its action in ending the takeover of the Iranian Embassy in London.

In a statement, the League of Arabistan Students in Iraq denounced "the vicious intervention of British forces which stormed the building of tha Iranian regime's embassy in London at a time when negotiations were going on between Arabistan revolntionaries and British police."

The statement added that the London operation would not be the last as the Arab people in Arabistan fought to reagin their national rights.

Reuter

Singapore row over UK law firm

BY KATHRYN DAVIES IN SINGAPORE

A ROW has broken out in Singapore over tha Government'a decision to invite a British law firm to set up business in the city state.

The decision to admit foreign lawyers has been taken in response to repeated criticisms from European and U.S. bankers that legal expertise in tha field of international banking transactions, such as Eurodollar loan syndication, is lacking in Singapore.

Some bankers have compared the legal back-up services unfavourably with those in Hong Kong and bave suggested that Singapore's bid to become a major financial centre is being seriously retarded as a result.

However, local lawyers are angry at what they consider a slur on their professional competence. They are also annoyed that foreign lawyers will not be forced to meet the usual qualifications for admission to the Singapore bar.

They are seeking a meeting with the Prime Minister, Mr. Lee Kuan Yew, to get his apparent policy shift reversed or modified.

What has brought matters to a bead is the decision by the Government to invite two solicitors from the leading firm of Freshfields to set up an office in Singapore later this year.

Freshfields' clients include the Bank of England. As well as its practice in the City of London it has offices in Paris and New York.

Another British law firm, Clifford Turner, has applied to practise in Singapore, but has not so far been given the go-ahead. The Hong Kong-based firm, Johnson, Stokes and Master also wants to set np an office in conjunction with its London associate, Norton Rose Botterell and Roche.

Singapore lawyers claim that they are being made the scapegoat for the government's own fiscal policies which, they say, have acted as a disincentive to international loan syndication. They cite the "Penal" stamp duties (reduced in the latest budget) as well as the 40 per cent corporate tax rate, as being much higher than in Hong Kong. As a result, locally-based lawyers have been directing their clients to transact their business dealings in Hong Kong.

"We have been cutting our own throats," one lawyer said.

Much of the lawyers' irc is directed at U.S. bankers, who they say are "arrogant" aod insist on applying U.S. law in connection with international financial transactions, rendering the role of a Singapore lawyer unnecessary.

They further resent the presence of two U.S. law firms which, although based in Singapore, are only allowed to practice U.S. law in dealings with offsbore banking transactions. Lawyers bere allege that the Americans also involve themselves in normal contract law.

They fear that the incoming British firms will also encroach on areas such as conveyancing, thus removing lucrative work from local firms.

So far the Government has merely said that Fresbfields will be involved in "corporate financing," the limits of which are not known.

Singapore's legal profession bas taken an unusually tough stand in the face of wbat it regards as potentially unfair competition. According to a leading lawyer, "the front rank of people protesting" includes the law firm of Lee and Lee, in which the Prime Minister's wife and brother are senior partners.

Bani-Sadr plan for new Cabinet

By Simon Henderson in Tehran

IRAN'S President, Mr. Abol Hassan Bani-Sadr, is endeavouring to outflank the hardline clerical opposition to his comparatively liberal form of government.

The clergy-based Islamic Republican Party is expected to have a majority in the assembly after today's second stage of the parliamentary elections, but President Bani-Sadr bas started talking about forming a new Csbinet. Such a body, filled with his own men, would be a useful counter-weight to the Parliament.

Ayatollah Khomeini has given someb acking to the idea. On Wednesday be approved the appointment of a Prime Minister and a Cabinet befor tha establishment of the Parliament. It is thought the changes could be made within the next fortnight. Even with the electiona completed, Parliament is not expected to sit for a month or so.

In a statement on the polling Ayatollah Khomeini has asked electors to vote for candidates who are 100 per ecnt Moslem and warned them against "deviant doctrines." In Iran this would cover all left-wing ideologies as well as liberalism.

Today'e elections are to fill the remaining 172 seats in the 270-seat Parliament. The Islamic Republican Party won more than half of the seats decided in the first round.

Victory in House for plan to balance budget

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Jimmy Carter has won his first major Congressional victory towards the goal of a balanced Federal Budget next year, with the House of Representatives adopting this week a $611.8bn (£274.36bn) spending ceiling for 1980-81.

By the House estimate, this weuld put the Budget $2bn in the black, for the first time in 12 years. The Administration proposal, revamped in March, assumes a much larger $16.5bn surplus because it includes taxes not yet approved by Congress.

Aftar Wednesday nigbt's House vote, in which enough Republicans joined the Democrats to tip the scales for a balanced Budget, the Senate yesterday sought to adopt its versioo of tha 1980-81 Budget resolution. *This sets spending* ceilings for the rest of tha Budget approval process this summer.

A major clash between Senate and House is likely to come on defence spending. The version the more conservative Senate is likely to adopt, contains $8bn more mere defence than tha House has allwed.

Already, the absence of Mr. Edmund Muskie, who on Wednesday night was overwhelmingly confirmed by the Senate at the new Secretary of State and will resign as Senator from Maine, is being felt. He was chairman oft be Senate Budget Committee, which now passes to more defence-minded Senators.

The moves to put the Budget in balance, which President Carter made the centre-piece of his March 14 counter-inflation *programme* (that *also* includad credit curbs and a supposedly tougher incomes policy) may prove academic.

The actual Budget will be shaped as mnch by the performance of the economy as the decisions of President and Congress, and the U.S. is, in almost unanimous opinion, slipping, or has already slid, into recession.

Administration economists say they have not yet conceded that budget balance is not possible *in recession. They* bave *to, by* mid-July, wben Budget estimates are next revised.

An automatic tendency towards a Budget deficit in weaker economic times ia still considered a useful stabiliser by many economists

But often, politiciaos in an election year feel compelled to swell this deficit furtber by a special increase in spending, or cuts in the tax rate.

Such a trend may become evident as the year wears on.

Carter to urge N-fuel for India

BY OUR WASHINGTON CORRESPONDENT

PRESIDENT Jimmy Carter is ready to pnsh hard for the export of 38 tons of noclear foel to India—a task made more important by the Soviet invasion of Afghanistan, according to Administration officials.

The move comes despite the 1978 Non-Proliferation Act which bars nuclear shipments to countries that have neither signed the International Non-Proliferation Treaty nor opened their nnclear plants to international inspection.

India comes into this category, but the two shipments of 19 tons of fuel could be made to India because they were requested in a grace period allowed in the Act.

Mrs. Indira Gandhi's Government has taken grave exception, as did her predecessor Mr. Morari Desai, to U.S. demands that India permit inspection of all its nnclear sites, or else face a fuel cut-off from the U.S. under the 1978 law.

Previonsly, the U.S. signed a contract to supply the Indian nuclear plant at Tarapur with fuel until 1993, and U.S. officials admit privately that they would probably lose if Mra. Gandhi chose to take the U.S. to international arbitration.

U.S. aid to Pakistan is proceeding more slowly than the Carter Administration planned in the immediate aftermath of the invasion of Afghanistan by Soviet troops, but still fast enough to make the Indians wary.

Hugh O'Shaughnessy and **Raymond Whitaker** report on Carter's chance to win influence

Washington hawks eye the Caribbean

THE FLOOD of refugees from Cuba to the U.S. is causing some problems for President Jimmy Carter, who has declared the state of Florida a disaster area so as to relrease $10m in government funds for refugee assistance.

The President is also being urged to consider an airlift to the U.S. from Havana, where thousands of Cubans are still waiting to join the 20,000 who bave already made the dangerous sea passage across the Straits of Florida.

Washington, which yesterday began a large-scale military exercise off the U.S. east coast and in the Caribbean, code-named Solid Shield 80, has a chance to profit from the political and economic difficulties of President Castro. Tha question in many observers' minds, however, is whether a show of force involving thousands of servicemen and billions of dollars worth of equipment is the right way of going about it.

Sen from the U.S. capital, the Caribbean basin has for some time been providing a small but steady diet of bad news. Washington's options to react to it have been narrowed considerably.

Last year, the disreputabla but undoubtedly capitalist Government *of Sir Eric Gairy* in Grenadad was overthrown by Mr. Maurice Bisbop, in the first military coup in the Commonwealth Caribbean. Mr. Bishop bas upset Wasbington by talkiog socialism, forming a strong axis with Cuba, wbose engineers ara building his new airport, and voting in the United Nations against any censure of the Soviet invasion of Afghanistan.

Last week, Mr. Bishop joined President Castro and Mr. Michael Manley, Prime Minister of Jamaica, in condemning the U.S. manoeuvres.

Although Mr. Manley's brand of socialism is more parliamentary than Mr. Bishop's, his close ties with Cuba and his break with the International Monetary Fund have perturbed the U.S. Government.

On U.S.-controlled Puerto Rico, the independence-seeking have let it be known that their resolve to kick Uncle Sam out of the island he took over after the Spanish-American War of 1898 is not at all weakened by their diminishing electoral support. Terrorism has revived after a lull of some year, resulting in the deaths of a number of U.S. Navy personnel.

Washington is encouraged by the relative aconomic strength of the Dominican Republic, despite the ravages of Hurricane David last year, but Haiti—its neighbour on the island of Hispaniola—remains unstable. The flood of Cuban refugees landing in the U.S. bas been supplemented by a small but steady flow of Haitians seeking to escap destitution at bome.

The islands of Eastarn Caribbean — some independent, the rest controlled variously by Britaio, France and the Netberlands — are difficult to lump together, although most *have fragile economies.*

Several bave strong parliamentary traditions, but the U.S. fears that one or two might turn towards the Grenadian modal or become *pieds-à-terre* for dnbious casino and offshore bank operators.

Barbados exerts a atrong counter-attraction, bnwever. Governed by a cautious British-trained barrister and former BBC producer, Mr. Tom Adams, the island's phlegmatic Englishness has earned it the nickname "Bimshire."

Although Mr. dams has not quarrelled openly with the Cubans, and has resisted calla to make Grenada a regiooal outcast, his style of politics is antiethical to President Castro's.

Venezuela is also beginning to do more to increase its Caribbean influence on the side of We(stern interests. Several eovernment delegations have ben invited to Caracas, and aid mooey is beginning to flow.

Tbe U.S. *wisbes the same* could be said of oil-rich Trinidad, but the government of Mr. Eric Williams remains aloof towards its neigbbours.

However, Mr. Carter can take satisfaction from his opponents' difficulties. The exodus from Cuba has been a poor advertisament for the Castro model. Mr. Vere Bird, tbe conservative Prime Minister of Antigua wbo last mooth increased his parliamentary majority, was quick to point this out in his post-election remarks.

The affair at the Peruvian Embassy in Havana is only the latest in a sea of troubles for President Castro, whose economy is admitted to be in a pitiable state. U.S. officials put the effective Soviet subsidy in 1978 at around $3bn, without which Cuba's economy would hava been close to collapse.

The tida of events appears to present the U.S. with an oppor*tunity to regain lost ground in* the Caribbean, where its diplomatic presence has been strengthened recently. France, for example, is alarmed at wbat it sees as Cuban attempts to subvert its territories, and is resolved to sbow its presence more forcefully.

Washingtoo is less confident of Britain's intentions. In the view of some senior Washington policy makers, wbo chide Mrs. Margaret Thatcher, the British Prime Minister, for continuing the policy of seeking a rapid departure from Delize, Britain's *last colony on the American* continent, the UK wants to liquidate its remaining Caribbean commitments regardless of the consequences.

Other factors are hindering a swift increase in U.S. influence. While a little economic assistance might go a long way, President Carter's budget cuts have restricted and delayed U.S. contributions to the Caribbean Development Bank, the main channel for aid.

The bank's contributions have also been bedevilled by domestic political pressure for the U.S. to get more kudos for its aid dollars by switohing to bilateral assistance.

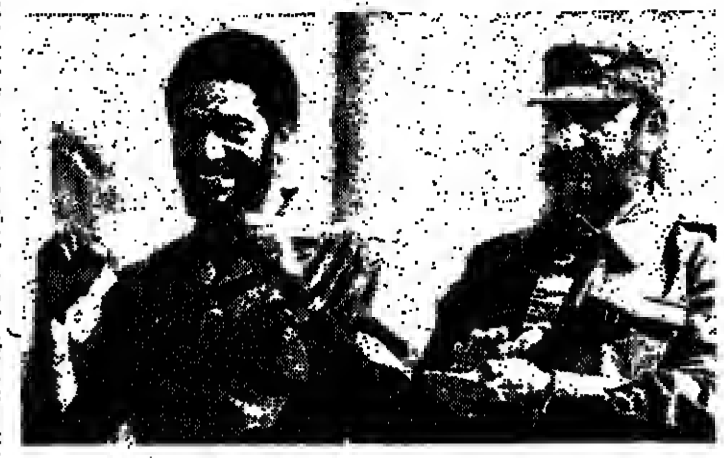
As in other areas of foreign policy, there is much debate inside the Administration.

The "doves" argue that the wind of change is sweeping too strongly through the region for the U.S. to impose its will by the use or threat of military force. (As recently as 1965 President Lyndon Johnson sent marines ioto the Dominican Republic to crush an unwelcome constitutionalist rebellion).

But while liberals urge that some "political experimentatioo" should be expected and tolerated, the lack of sympathy for Mr. Manley io his current wrangles with tbe International Mooetary Fund indicate a tougher official line.

"Those wbo get themselves into balance-of-payments difficulties like Jamaica's have only themselves to blame," one official commented.

Tbe staging of Solid Sbield 80 — even the codename — also seems to indicate that the "*bawks*" *have* tbe npper *hand.*



Mr. Maurice Bishop, Prime Minister of Grenada, with President Fidel Castro, at a recent rally in Havana, applaud denunciations of the refngees now leaving Cuba for the U.S.

Canada may stall Hunt rescue

BY JOHN MAKINSON

THE CANADIAN Government may stall the $1.1bn (£448m) rescne operation orchestrated by U.S. and Canadian banks for the Hunt Brothers of Texas, who recently suffered beavy losses on the silver market.

Completion of a rescue financing is understood to be conditional on the successful transfer of Hunt oil and gas properties in Canada's Beaufort Sea to Engelhard Minerals and Chemicals. Englebard has agreed te accept the properties in part settlement of a $665m debt owed by the Hunt brothers.

The transfer could be prevented, however, by Canada's Foreign Investment Review Agency (FIRA), which at present is examining whether the Engelhard deal falls under its jurisdiction. FIRA monitors and investigates takeovers involving foreign compaines in Canada.

Talks are being held between FIRA and the Justice Department in Ottawa to determine whether the transaction should be investigated. If it proceeds with inquiries, Engelhard would need to establish that the transfer would be of "significant benefit" to Canada.

Even if the Canadian Government eventually approves the deal, delays caused by the inquiry could prove embarrassing to the Hunt brothers. Their losses on the silver market have made it difficult to meet expiring debts. Even though $300m of the $1.1bn has already been advanced, they are depending on the rest to meet a multitude of immediate obligations.

Former beauty queen in New York Senate race

BY DAVID LASCELLES IN NEW YORK

A DASH of glamour has been added to the New York Senate elections by the entry into the race of Miss Bess Myerson, a former beauty queen, and more recently, consumer advocate, journalist and business consultant.

Miss Myerson is entering the Democratic race to challenge Sen. Jacob Javits, the long-time New York Senator who recently announced that he will run for a fifth term.

Miss Myerson had made no secret of ber political ambitions, and ber declraation on Wednesday came as no surprise.

Miss Myerson's chances are somewhat in doubt. Apart from taking on a formidable incumbent, she must also contend with two other cballengers —her former chief, Mr. John Lindsay, and Represnetative Elizabeth Holtzman.

Quebec 'swinging to federalism'

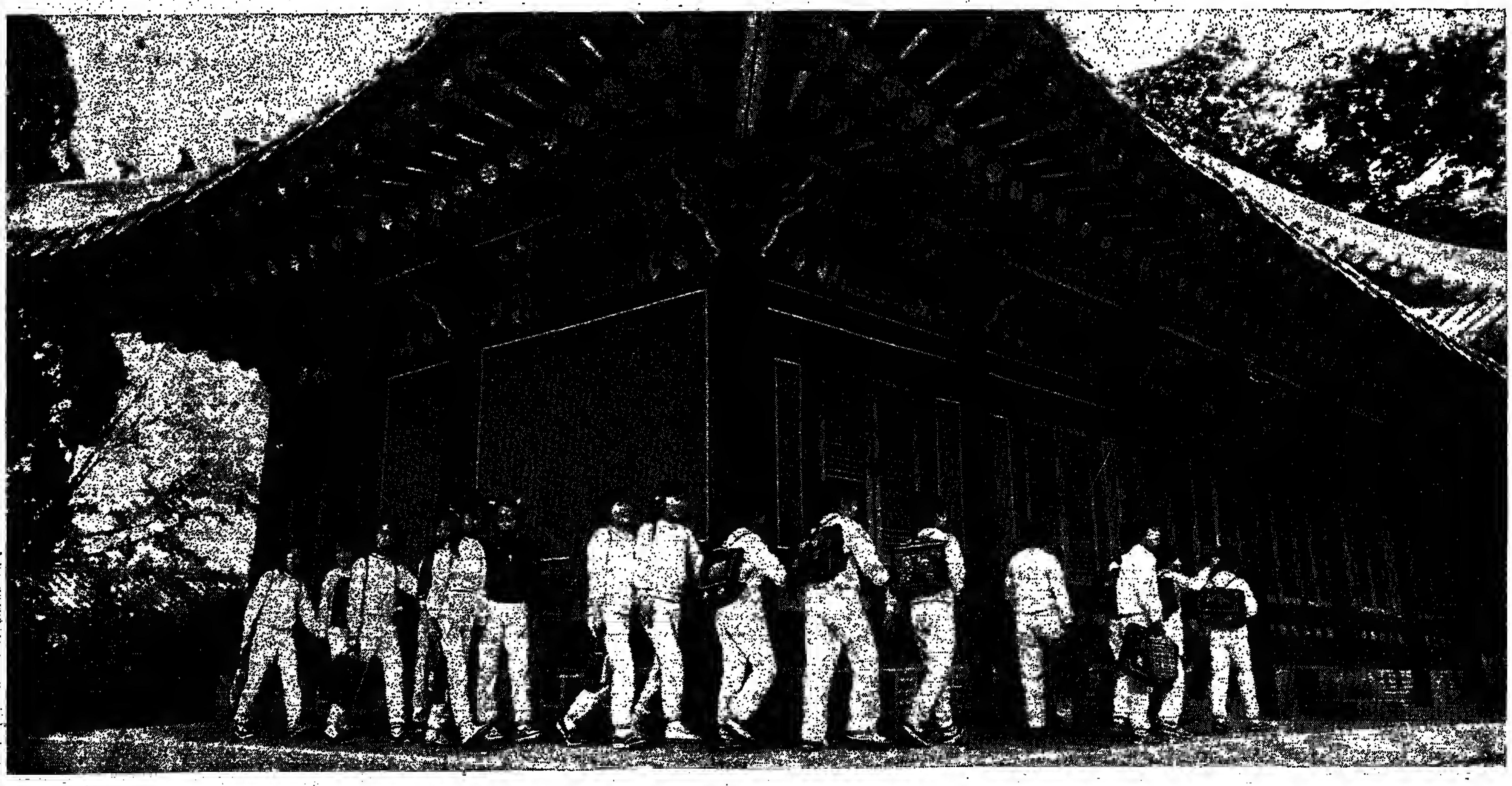
BY ROBERT GIBBENS IN MONTREAL

QUEBEC APPEARS to be swinging strongly towards the Canadian federalist cause, as the referendum on the Frencb-speaking province's future approaches. In the latest opinion poll to be published, 55 per cent of those responding said they would vote "no" on May 20 to the proposal to authorise the provincial Government to negotiate sovereignty in an ecooomic union with the rest of Canada.

The figures must be treated with caution, since a large number of those interviewed still did not know bow they would vote. But the 55-45 per cent lead for the "noes" does confirm what observers bave been notiog: that *Mr.* Claude Ryan, the leader of the Qnebec Liberal Party and head of the "no" organisation, has been rallying bis forces. Polls taken when the campaign opened showed the "yes" party, led by Mr. Rene Levesque, the Parti quebecois Premler, narrowly ahead.

Since that time, an elaborate tactical battle has been fought, during which Mr. Ryan bas been trying to coovloce the electorate that a "yes" vote really would be a vote for todependence—*something the majority even of* French-speaking quebecois are known not to want.

Mr. Pierre Trudeau, the Canadian Prime Minister, has joined the fray and has driven Mr. Levesque to admit that if the Quebecois say "no" his bid for "sovereignty association" would be at a dead end. He would then be forced to seek a better deal for Quebec within the Canadian confederation.



WORLD TRADE NEWS

AEG to build colour TV plant in China

By Kevin Done in Berlin

AEG-TELEFUNKEN, the West German electronics and electrical group, has aigned a letter of intent with Peking to build a complete television factory in China. In addition China is to use the AEG's PAL colour television system for building up its own national network.

The capacity of the turn-key television plant is still to be decided, but this could be fixed when executives from AEG'a television and radio subsidiary, Telefunken Fernseb und Rundfunk go to Peking next month

The letter of intent envisages that AEG will be responsible for the conatruction and equipping of hte plant as well as the necessary trainiug of management and staff.

AEG completed a similar turn-key project a couple of years ago, when its subsidiary Olympia Werke undertook tha construction of a typewriter plant in the USSR.

Herr Heinz Dürr, the new chief executive of the AEG group, seca China as on eof the company's most promising markets in the Far East. Although sales ther last year totalled only some DM 20m, new orders totalling well in excess of DM 100m have been taken as a result of AEG'a share in several large process plant contracts won recently hy West German companies.

AEG will be responsible for supplying the electrical equipment for some of these installations.

AEG, wbich has run into serious financial troubles in recent years—it made a loss of DM 968m in 1980 and had to be rescued in a aeriea of financial measures put together by West German banks, insurance companies and large indnatrial concerns—has recognised that ona of its major weaknasses is its abortage of manufacturing facilities outside West Germany and its over-dependence on exports from the Federal Republic for foreign sales.

In an earlier move into the Far East, however, lt has eatablished a factory in the Pbilippines for the construction of semi-conductors. The plant, wbich has a workforce of some 1200, produces components for AEG plants in West Germany.

See results page 38

Manila N-plant problems

MANILA—Construction of the Philippinea' first nuclear power station will remain suapended, despite the U.S. Nuclear Regulatory Commission's approval of the export of an atomic reactor to the Philippines, the National Power Corporation (NPC) aaid. It added that further negotiations were planned on extra safety regulations at the $1.2bn site west of Manila and on who would pay for them.

President Ferdinand Marcos halted construction last June following the núclear plant accident at Three Mile Island, Pennsylvania. A committee recommended extra safety features which the Philippines' Finance Minister Çesar Virata said recently would cost an extra $21m.

Reuter

Dutch-built rig to drill for oil off Poland

A *WESTERN-BUILT* oil rig, jointly operated by the Soviet Unlon, East Germany and Poland, is to begin drilling for oil next month aff the coast of Pnland. The rig, built in Rotterdam, is said to be similar to those operating off the Yugoslav Adriatic coast, In the Caspian Sea and off the coast of Sakhalin Iisland in the Pacific.

A Comecon organisation called Petrobaltic took possesaion of the platform on Wednesday, according to ADN the East German news agency. It Is to be towed to oil deposits believed located north of the Hel Peninsula near the Polish city of Gdansk. Petrobaltic was formed in 1975 to help the two smaller Comecon countries find oil as the Soviet Union is no longer able to increase its oil supplies to them.

The oil platform measures 63 metres by 54 metres and can operate ln waters up to 90 metres deep. The oil rig is to be manned by 62 men and is fitted with a helicoptar landing pad.

ADN says the offabore oil storms that might occur once in a century In the Baltic with winds of up to 50 metres per aecond."

Standard Brands

Standard Brands which yesterday announced a counter-bid for Liggett Group, expects 1990 earnings to top those of last year, Mr. Jobnson, the chairman, told the annual meeting, reports Reuter from New York. /n 1979 the company earned $86.4m or $3.04 a share on sales of $2.61bn.

Manoeuvring starts on Egypt water project

BY ALAN MACKIE IN CAIRO

IT IS A MEASURE of the growing interest in Egypt as a place to do business, as well as the slowdown of activity in other areas of the Middle-East that nearly 50 international consortia have expressed interest in bidding for the construction of a $300m-$400m water pipeline linking the Nile with Suez and the Canal Zone.

The project will be a major one involving the building of a twin, two metre diameter pipe-*line* from a point between Maadi and Helwan south of Cairo 200-300 kms across desert and through mountain range to Suez. Prequalification bids close at the end of Jone. The Ministry of Irrigation hopes to have the project completed three yeara after that date, although industry officials take a alightly more cautious view and estimate it could take as much as five years.

An interesting feature of the project is that the Egyptian Government will not be looking for World Bank or international agency support, but will be expecting hidding consortia to provide finance in conjnnction with government-to-government soft loan backing.

Mr. William Sbanouda, the Ministry of Irrigation senior undersecretary, saya he has more than one offer of finance for all the local and hard currency cost of the project at 3 per cent spread over 30 years.

European companies are going to find it extremely difficult to compete with these terms and are moving into international consortia to raise the maximum soft-loan finance. The British Export Credit Guarantee Department (ECGD) has agreed in principle to provide np to $25m medium-term for any one of the three British companies, Tarmac, Taylor Woodrow and Laing, which have so far put in a preliminary offer. Tarmac ls lining up a consortium with EE Cpartners and the Egyptian contracting group Arah contractors.

Tying up the financial package, the next stage after the closing of tha prequalification tenders, will be a complex husiness. In some cases there could be five or mora sources of finance.

This stage nf the negotiations is likely to he carried ont by the Miniatry of Economy's foreign loan dapartment at government-to-government level. Although tbe final contract will be awarded after taking all factors ln consideration, especially cost and performance, the type of financial packages worked out will clearly play an important part in who is awarded the contract.

Quite apart from Sinai's irrigation requirements, the water supply to Suez has had to be expanded to meet the city's growing domestic and industrial needs of the pipeline's 800,000 cubic metres a day capacity. Some 500,000 cubic metres a day will be used to irrigate *40,000* acres in Sinai, and the remaining 30,000 cubic matres a day will be used by domestic users, the manufacturing and oil industries and shipping in the Suez area.

With the pipeline the Government will he charging consumera commercial water rates. This is a new departure in Egypt where water is traditionally a free commodity. The pipeline will be used as a way of educating the public to the need to charge for water as a way of controlling its increasingly wasteful use. The Government ia thinking in terms of rates which will pay for lbe project in about 15 yesrs.

Only when the financing has been arranged will any serious work be done on preparing tenders. The Egyptian authorities hope to have a short list of tenderers hy September or October and the contract awarded and started hy the end nf the year.

This may be nnduly optimistic. A project of this size and complexity requlrea up lo 18 montha for hid preparation.

One way of speeding up the process would be if one company or consnrtium were able to offer a maximum price belnw the rest of the field. It could then be awarded the contract without first having to make detailed studles.

Tima is an important factor both in terms of project evaluation, especially nnw that international interest rates are poised at record levels and world currency markets remain volatile, and Egypt's domestic requlrement to get the economy moving.

Poland, Soviet Union sign long-term accord

BY CHRISTOPHER BOBINSKI IN WARSAW

DIFFICULT and long drawn-out talks on Polish-Soviel trade to 1985 have entered their final stage with the visit to Moscow by Mr. Edward Babiuch, the new Poliah Premier. Mr. Babiuch was accompanied by Mr. Tadeusz Wrzazczyk, chief of the Polish Planning Commission and Mr. Richard Karski, the Foreign Trade Minister.

During the visit, Mr. Wrzazczyk signed a long-term co-operation agreement with hls Soviet opposite number, Mr. Nikolai Bajbakow, which runs to 1990 but, apart from foreseeing co-operation in coal and sulphur extraction and the production of nuclear power station equipmant, few details have been published. Little too is known of prograss in mutual trade talks covering the next five-year plan ,in which Soviet supplies of raw materials for Polish industry are :› crucial

The Soviet Union bas already agreed to maintain raw materials sales at 1980 levels. This year, the Soviets are supplying 13.1m tonnes of oil, 2.8m tonnes of petroleum products, 5.3bn cubic metres of natural gas and 105,000 tonnes of cotton to Poland.

The main problem for the Polish aide during the talks has been persuading the Soviet Union to increase lts aupplies of raw materials over 1980 levels. Last autumn the Poles even offered to pay hard currency for an extra 1m tonnes of Soviet oil a year. The offer was not taken up. Another Polish proposal, made in January, under which Polish coal from the Lublin coal basin, would be swapped for Soviet gas between 1983 and 1984 had still not been taken up.

An alternative Polish offer of pipeline construction by the Poles in the Soviet Union in exchange for Soviet gas supplies came up againat a difference of views on price. For the first time the Soviets proposed that Pnlish-suplied materials and labour employed on such projects sbould be paid for according to Soviet rates. This would mean a sharp reduction in the value of such work for the Poles. Poland has heen getting R400m (£268.6m) for every 500 kilometres of pipeline laid. Now, under Soviet rates, 500 kilometres woudl cost R100m.

Another item which presumably arose during this week'a talks in Moscow was whether the Soviet Union would contine to tolerate a Polish balance of payments deficit in mutual trade. The last year that Poland was in surplus in its trade with the Soviet Union was in 1974. In December, 1976, the Polish authorities diacovered that the Soviet Union had extended a R1.2bn credit to Poland. This loan, in effect an agreement which allowed Poland to run a trade deficit, must hy now he largely taken up.

Alarm over international guidelines

By Brij Khiodaria in Geneva

SEVERAL WESTERN mulli-national companies are aeriously wnrried that a recently agreed sel of international guidelines to control restrictive business practices might raise new obstacles to some of their expanding trade operations in developing countries.

One of the large Swiss banks which advises several European multinationals on husiness conduct in Asian, African and Latin American countries is telling its clieots that they *may* have to alter legal and managerial relationships with their aubsidiaries in developing countries to avold being aeffected by the guidelines.

Substanttive negotiations were concluded on the guidelines, called "Principles and Rules for Control of Restrictive Business Practices" at a Unlted Nations Conference in Geneva last month. The Guidelines must now he apprnved hy the UN General Assembly in New York next September.

Corporate executives fear that while implementation of the guidelines ls voluntary they might form the basis of new binding legislation in developing countries which would seriously affect trade and business operations.

Although the guidelines confirm only those abuses of dominant market positions which affect the foreign trade or economic development interests of developing countries, their scope of application includes transactions between Western parent companies and their developing country subsidiaries.

Parkinson defends temporary barriers

BY FRANK GRAY

MR. CECIL PARKINSON, the Trade Minister, has reaffirmed the Government's support of liberal trading policies hut emphasised Britain's right to impose temporary restrictions against sudden surges of imports that disrupt the economy.

At the annual luncbeon of the British lmporters Confederation (BIC), the Minister said that the consumer, by having access to a choice of products, provided a counterhalanec to what would otherwise he a stagnating industrial situation in Britain.

"Would British Leyland workers be prepared to talk with Sir Michael Edwardes (the BL chairman) in the way they have heen if they knew there would he no foreign car imports?" he asked.

He emphasised, however, that Britons had an ln-built resistance to change. This was particularly evident in the newspaper industry which had no foreign competition

Mr. Parkinson said the Government's job "is not to build barriers to other people's goods." Instead, its objective over the next decade was to support the effective lmplementation of the international tarff accord contained in the recently concluded Tokyo Round of tha General Agreement on Tariffs and Trade.

But he took issue with a recent BIC report which said controls should only be implemented when goods were dumped, saying the Government supported cases for temporary measures against unexpected surges of lmports.

Output of cars still at low level

By Kenneth Gooding, Motor Industry Correspondent

CAR PRODUCTION in the UK remained fairly low in April mainly because of the disruptions at BL plants after imposition of the pay and productivity package.

Output was 83,000, seasonally adjusted, according to Department of Industry figures. This was better than 77,000 for March, but well below 102,000 in April 1979 and the 89,000 monthly average for last year.

Commercial vehicle output was also relatively low last month. The industry still had to recover from the impact of the steel dispute on the supply of components. Order books were on the decline in April, although registrations — which follow some months behind sales because body building takes time — continued buoyant.

Commercial vehicle output was 33,400, seasonally adjusted, against 32,800 in March, and 41,900 in April 1979. For 1979 average monthly output was 34,000.

Sharp rise in imports of petrochemicals

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE PERFORMANCE of the UK petrochemicals industry "gives cause for very serious concern," says the latest report of the Petrochemicals Sector Working Party.

The report, which was published yesterday by the National Economic Development Office, discloses that the UK's petrochemicals trade surplus slumped from £113m in 1978 to only £3m in the first half of last year.

There was a "very marked decline in performance with the sector barely maintaining a positive balance."

The working party, set up by the last Labour Government as part of its industrial strategy, says imports of many petrochemicals are rising substantially, while Britain's share of Western European production is falling in a number of key areas.

Progress to meeting some of the working aprty's targets set last year has "not merely slowed, but has actually reversed," says the report.

"Imports from European Economic Community partners in the first half of 1979 show a 35 per cent increase on the corresponding period in 1978."

"Exports to EEC partners fell to only 48 per cent of the imports from these countries in 1978, and a similar figure is expected for 1979."

Last year the working party decided to aim at increasing UK petrochemical exports to the EEC to at least 75 per cent of imports from the Common Market. The deadlina was to have been 1985 and this was felt to be an "ambitious but realistic target."

Another of the working party's targets was to increase the UK's share of Western European production of ethylene, the so-called building block of the chemical industry which is used in the making of a wide range of items including plastics, propylene and benzene.

Plastics study

But the report says the UK's share of Western European ethylene production "fell considerably" in 1977 and went on falling throughout 1978 and the first half of 1979. The UK share of propylene production also dropped, as had that of benzene.

It warns that unless the UK's plastics material trading position improves soon, "tha effects fo rthe UK economy in general will be severe."

The report adds that the National Economic Development Office is currently carrying out a study into the competitiveness of UK plastic material producers.

The working party hopes to use the findings from the study to formulate recommendations for improving the UK's performance.

The working party calls for North Sea oil and gas to be exploited as petrochemical feedstock. But it warns that action must be taken as soon as possibe.

"The availability of North Sea hydrocarbons, not least gas liquids, provides an unrepeatable opportunity for expansion of UK petrochemicals.

If these opportunities have not been grasped within a short period, probably of less than 24 months, the working party believes there may well be accelerating decline in the relative strength of the sector."

● A new sector working party called the Informatics Com has been set up by the National Economic Development Council. It will cover the computers, telecommunications and office machinery industries.

The council has scrapped committees covering fluid power and industrial trucks, and has merged two concerned with electronics. This completes the review of the committees started by Government last year.

Pearson Longman makes TV bid

BY JAMES McDONALD

THE DEADLINE for submitting applications for new television franchises to the Independent Broadcasting Authority is noon today.

Pearson Longman, the book and newspaper publishing group of which the Financial Times is a member, is applying for a licence for breakfast television broadcasting.

Pearson Longman is backing a team that will be chaired by Christopher Chataway. Mr. Chataway was Minister of Posts and Telecommunications in the Heath Goverment between 1970 and 1972, and formerly a staff reporter on ITN and a current affairs commentator for BBC Television.

The team includes Elizabeth Calder, editorial director of Jonathon Cape; Bernard Donoughue, senior policy adviser to the Prime Minister, 1974-1979 and development director of the Economist Intelligence Unit; John Fairley, head of news and current affairs, Yorkshire Television, who produced Radio 4's Today programme when Jack de Manio was anchor-man; Jimmy Gordon, managing director of Radio Clyde; Jeremy Hardie, partner in Dixon, Wilson and Company, accountants; James Lee, deputy chairman of Pearson Longman; and Richard Price, principal of Richard Price Television Associates, an international programme-selling and co-production organisation.

It is intended to produce programmes with five objectives: a distinct and independent news and current affairs service; a comprehensive information service, services on Saturday and Sunday of "special value" — educational as well as entertaining, with appeal to children; a range of original features; and a growing regional input to programming.

Pearson Longman will be the leading shareholder, with 20 per cent of the equity.

The IBA is not announcing the list of applicants for new franchises until later today but it is believed that by last night no application for breakfast TV had been received.

Vacuum cleaner makers seek inquiry on dumping

BY ELAINE WILLIAMS

A SHARP increase in imports of low-priced East European vacuum cleaners has brought claims of dumping from UK domestic appliance manufacturers. They want an EEC investigation.

In January and February 29,000 of the cleaners were imported from East Europe, compared with 3,200 in the same period last year.

They are imported from Poland and East Germany at a cost to retailers of £16, which UK makers claim can barely cover the cost of manufacture.

For British companies, the vacuum sector is one of the few strongholds left in the domestic appliance market, with washing machines and refrigerators now dominated by Italian makers.

In the early part of this year vacuum clearner imports leapt to 30 per cent of the total UK market compared with 22 per cent in 1979 and 14 per cent up to 1978. The startling rise has two causes, the British makers say.

Industrial action in 1974 prevented them from making enough cleaners to satisfy domestic demand, which is running at 2m machines a year.

The strong pound has also helped importers to sell into the UK. Countries such as Hong Kong, the U.S., France and Switzerland have benefited as well as East European states.

But the Eas tEuropean manufacturers worry the industry most because in the past year they have increased their share of total imports from alost nothing to nearly 15 per cent.

Mr. John Redman, chief executive of Electrolux and a member of the National Economic Development Council working party which covers vacuum cleaners, said that East European machines could not be economically price dif the cost of labour and shipping were taken into account.

In the first two months of 1980 Poland, whose main brand name is Zelmer, shipped more than 21,000 cleaners to the UK. This makes it the third largest importer after Hong Kong and France, and compares with 13,000 imported in 1979 and 1,000 in 1977, from total imports to the UK of more than 440,000.

East German imports have shown a similar pattern although they are still low in the import ratings for early 1980, with only 5,200 cleaners delivered so far. In 1979, however, East Germany exported more than 22,000 into the UK.

Hoover, the U K's largest manufacturer of vacuum cleaners, which also exports 45 per cent of its production, hopes that now production by domestic manufacturers is back to pre-strike levels, customers will opt for a British machine.

The company has only just recovered from the effects of last year's disruption, which caused its pre-tax profits to drop from £3.44m to £1.86m.

In contrast Electrolux retained its share of the cleaner market, selling about 35 per cent of its 1m production overseas. It had record profits on its UK operations of £13.87m.

U.S. rivals in Appeal Court

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A 10-YEAR legal battle between Dr. Armand Hammer's Occidental Petroleum Corporation and Buttes Gas and Oil over a disputed oil concession in the Gulf surfaced in the Appeal Court yesterday.

Both companies appealed against orders made by a High Court judge at a private hearing last July about documents that Occidental wants produced in the action.

Mr. Mark Littman, QC, for Occidental, said the battle had begun after Occidental found oil in an area where it had been granted a concession in 1969.

Buttes had a concession in the neighbouring state of Sharjah. Occidental alleged that the ruler of Sharjah had issued a false and fraudulent decree purporting to extend his territorial waters in such a way as to take in Occidental's concession area.

Occidental also alleged that Buttes had been involved in the fraud, which Buttes denied.

Mr. Littman said Occidental had brought hundreds of actions in the U.S. courts—one in respect of each consignment of oil brought in by Buttes from the disputed area.

Last year there had been two hearings before the Supreme Court. In the first the court ruled that t could not entertain Occidental's claim because it would have involved inquiring into the political affairs of another sovereign state, which was forbidden by the Act of State doctrine. In the second, Occidental's claim was summarily dismissed.

In 1970, in a London hotel, Dr. Hammer had made certain accusations against Buttes, which resulted in Buttes suing him and Occidental for slander. That had given Occidental the opportunity to raise the issue in the English court, and it had issued a counter-claim for damages for alleged conspiracy to defraud and libel.

The English action had been brought after the Supreme Court decisions established that the dispute could not be aired in the U.S. courts.

Last July the High Court upheld a claim by Buttes that certain documents Occidental wanted produced were covered by legal professional privilege. The judge held that, although the lawyers concerned had been advising the ruler of Sharjah, the privilege extends to Buttes because it had a common interest with the ruler.

The judge also held that to defeat the privilege claim Occidental had to do more than merely allege fraud; it had to establish a prima facie case of fraud, and failed to do so.

Occidental appealed against that ruling. Buttes appealed against a ruling that other documents were not, as Buttes contended, covered by foreign state immunity. The judge held that no such doctrine was known to English law.

The Appeal Court hearing, expected to last five days, continues today.

Tough line on rogue credit traders

THE OFFICE of Fair Trading is taking a new tough line with rogue traders offering credit facilities for consumers. In the six months ending last February, the Office has refused or withdrawn credit licences from 31 credit traders.

During the same period it warned 45 applicants for licences and 32 existing holders that their licences might be refused or revoked because of their past trading records.

The tough line has been taken because of a feeling that all genuine credit traders should now be aware of the licensing procedures which have been in force for four years.

Mr. Gordon Borrie, director general of Fair Trading, said yesterday that the comprehensive licensing procedure protected "consumers by weeding out credit traders who have treated customers unfairly."

Funds 'shortage'

British industry's record in developing new products has been described as "patchy" and has suffered from a shortage of funds, according to a British Institute of Management survey published yesterday.

Government involvement or trade union restraint on new products was viewed as a minor factor in preventing the development of new products.

Flood scheme study

A proposed £7m flood control barrier scheme for the Yare basin in East Anglia could have a severe negative effect on the "existing distinctive character and quality" of the Norfolk Broads environment, according to a report prepared for the Broads Authority.

The study, by the University of East Anglia and Trans Econ, of Norwich, says security from floods would encourage farmers and landowners to drain and develop presently unusable land for other agricultural purposes. This would upset the environmental and ecological balance.

Merseyside report

A gloomy picture fo Merseyside in 1979 is given by Mr. Richard de Zouche, chairman of the Merseyside Chamber of Commerce and Industry in his annual report.

The region, he said, was often affected by problems not of its own making, including the incressed impact of the worldwide recession.

Lakes inquiry ends

The marathon controversial Lakes inquiry at Whitehaven civic hall ends today after almost four months. The inquiry became a private battle between the Northwest Water Authority, who wanted to raise the level of Lake Ennerdale for use in industrial west Cumbria, and British Nuclear Fuels who wanted to extract more water from Wastwater for use at Windscale.

Wales seminar

The regeneration of the Welsh economy in the wake of the massive job losses in the steel industry will be examined at a seminar in Cardiff today organised by the Wales CBI. About 100 senior managers from business and industry throughout Wales are due to take part.

Time limit rule

The rule that time limits within which claims may be brought to an English court are always governed by English law, even if the contracts on which the claim is based is governed by foreign law, should be changed according to a Law Commission Working Paper.

CBI and TUC talks

THE CONFEDERATION of British Industry and the Trades Union Congress have agreed to arrange talks on Britain's economic problems and the battle against inflation.

Gaming Board warns casinos over licences

BY MICHAEL THOMPSON-NOEL

A NEW, abrasive attitude to casino gaming in Britain was spelled out yesterday by the Gaming Board, wblch warned the casino industry new licences might not be issued merely to replace London gaming rooms closed after recent gambling scandala.

With the additional taxes on casino gaming announced in the Budget, the Gaming Board's stance marks the end of an era of boom-lika growth in the UK casino husiness.

In its latest report the board expresses "disquiet" about the casino industry, and says gaming facilities in London may well have been "over-provided" when there had been reduced demand.

"It looks as though some of the alleged breaches of the law may have arisen from casinos competing with one enother to attract the small number of high-stake players frequenting London casinos at a time when e strong pound, and other considerations, may have made London less attractive to Americans and Arabs, and wben the events in Iran have created difficulties for Iranian gamblers," it says.

Potential applicants for new casino licences may he wrong to assume that new applications for licences would not he opposed, merely because they *sought to replace those granted* to closed casinos, the board says.

It was concerned at the number of irregularities that had accured, and cited the following instances:

Charges under the Theft and Gaming Acts brought against people connected with the Victoria Sporting Club;

Successful police objection to renewal of licences for three casinos of Ladup, the Ladhroke *subsidiary*, and Hyde Park Casinos, following disclosures of methods used to entice wealthy gamblers to hecome members;

Tha charging of 22 people with various criminal offences after police and Gaming Board inspectors had entered four London casinos operated by the Coral Leisure Gronp.

The board expresses concern that casinos could be sold even when owners were under threat of legal proceedings. It is also worried about tha way io which control could he affected by changes in shareholding.

The hoard reports a further decline in the number of hingo clubs — from 1,599 in 1978 to 1,583 in 1979. Over the same period, hingo stakes rose from £367m to £405m. In the year to last March, there were 176,000 gaming machines in operation in Britain.

New barytes plant for Derbyshire

BY PAUL CHEESERIGHT

THE centuries-old mineral industry of Derbyshire will soon be given a fillip by tha construction of a new plant to process harytes, an industrial mud widely used in thet oil and gas drilling industry.

More than £1m will be invested in the plant hy SPO Minerals, a new company established by Mr. Robert L. Sprinkel, an American entrepreneur now resident in Derbyshire.

The plant wil lbe built just outside the Peak District National Park, at Hopton and near a fluorspar mill run by Dresser Industries. Planning permission has been given.

Ore will be transported to the new plant from deposits in the erea, some of which are owned by SPO Minerals. Others are owned independently but under contract to SPO.

Some material will come from tbe waste dumps of old mines, whicb bave been worked successively for lead, zinc and fluorspar.

The barytes in these deposits have been made economic hy the firm demand created by the international expansion of the oil and gas drilling industry, particularly in the North Sea.

UK production of barytes is about 50,000 tonnes a year, hut imports of about 8,000 tonnes, mainly from Ireland and Morocco, are needed to satisfy local demand.

SPO is hoping to undercut import prices — a large part of tha cost of barytes results from freight charges — and to establish a position on the domestic market with an annual production of more than 15,000 tonnes.

This venture is Mr. Sprinkel's third in the UK mineral industry. He worked out the plan which hrought Dresser Industries to mine fluorspar in the Peak District, and be managed to engage the support of Rio Tinto-Zinc for the rescue of the Wheal Jane ine mine in Cornwall.

Distillers' workers ma ygo on short time

By Gareth Griffiths

THE Distillers Company, which controls half the Scotch whisky industry, is discussing possible short time working at several bottling plants in Scotland.

Distilers has told trade union representatives it cannot guarantee a 40-hour week for the 3,500 workers involved. Most are women and include a big proportion of part timers.

The company said yesterdey the decision was caused by a high level of stocks held hy consumers and the general economic recession. The company exports between 80 and 90 per cent of its whisky and its share of the UK home market has fallen to abont a fifth.

The companies affected are James Buchannan, Haig and Sanderson.

The bottling services plant at Leven Fife is also to introduce short-time working. Talks between local management and the Transport and General Workers' Union and the General and Municipal Workers' Union are ot take place this week.

Exports in March fell by 19 per cent and the outlook for the rest of the year is gloomy.

The industry is likely to receive a cashr efund of £42m to £44m from the EEC Commission in the *autumn* to compensate for higher prices for EEC barley used in malt and blended Scotch whisy.

● The Cnstoms and Excisa want to change the 100-year-old method of assessing duty on beer. It has issued a consultative documents suggesting duty *should* be levied on the specific gravity of the finished product instead of during an earlier production stage.

Barclays to lower free banking limit to £50

By Tim Dickson

BARCLAYS BANK said yesterday that next month it will reduce the minimum balance needed for automatic free banking from £100 to £50. The move brings it into line with the National Westminster Bank, Midland Bank and Williams and Glyn's. At Lloyds the balance necessary to avoid charges is still £100.

Barclays also promised to freeze its personal account, the cheques among the cleavers, until the end of 1980. The charge for withdrawals was last increased from 10p to its present 13p in September 1978, to take effect *at the beginning of last year*. The fee compares with the 17½p charged at Lloyds and the 15p at Midland and National Westminster.

Barclays said the decision to rednce the minimum balance for free banking was a "marketing ploy" to emphasise that the bank's charges were the cheapest of the big four clearers.

Barclays only charges abont 950,000 of its customers (*about 22 per cent*) for withdrawals because the rest either qualify for free banking or have their charges covered by the notional allowance—*currently 14 per cent* at Barclays—which all clearing banks give for money left in the current account.

Mr. Brian Pearse, a Barclays general manager, said that because of the benefit from high interest rates "we feel we can guarantee that those personal customers who pay bank charges will not face an increase in the tariff in 1980."

Claret makes top price in John Arlott auction

BY EDMUND PENNING-ROWSELL

CHRISTIE'S WINE sale catalogues more often disclose the origin of sellars than the names of sellers.

But with the sale yesterday of 300 dozen bottles from the Hampshire cellar of John Arlott, the distinguished cricket commentator and well-known wine writer who is emigrating to the Channel Islands, his name on the cover brought a larger number of private buyers into the *saleroom* than usual. These bought a big proportion of the many mixed lots.

As might be expected, the wines were nearly all from post-war vintages, elthough nine dozen assorted Burgundies from the Dr. Baolet of largely inter-war years brought £2,190. Otherwise, claret predominated and the top price of £330 was given for a magnum of Petrus '31, while that chateau's '66 brought £660 a dozen, the '67 £320 and the '76 £420.

Other leading prices, firm but not exceptional, included £240 for a dozen Latour '70, £230 for Mouton Rothschild '70 and £220 for Lafite '70.

The sale total was £29,315, 93 per cent sold.

Antony Thorncroft writes: Christie's yesterday completed a two-day coin sale which totalled £182,896. The top price was the *£10,000* paid on Wednesday by Bord, the London dealer, for a Victorian £5 "Una and the Lion" piece of 1839, of which only 400 are known. Another rare coin, an 1848 proof florin, of which 13 examples are known, was bought yesterday by Bord for £2,100.

In a Warwick and Warwick auction to coincide with the International Stamp Exhibition in London, a used 1865 6d violet doubly-printed West Australia stamp, made £10,000 and a similar £6,000.

Sotheby's continued its sales in Zurich with an auction of keys and *metalwork* which totalled £92,329, three times forecast.

NEWS ANALYSIS ● INVISIBLE EARNINGS

The surplus likely to disappear

BY DAVID MARSH

THE UK's traditional balance of payments surplus on invisibles transactions with the rest of the world is shrinking *fast*. It could *disappear* altogether within a few years.

This is partly because of the impact of risiog North Sea oil revenues.

This tentative conclusion is drawn from the trend of last year's balance of payments. It is causing concern et the Bank of *England*.

The figures, subject to revision, show a big drop in the invisibles surplus, from £2.4bn in 1978 to £875m, the lowest since the early 1970s. It could drop further this year.

Precisely what will happen this year is impossible to say. *In particular*, one large and increasingly negative item in the invisibles balance, Britain's net contribution to the EEC hudgat, is still up for negotiation, with the outcome well beyond the forecasting range of mere economists. Governmeot statisticians say however that if present trends continue it would oot he surprising within the next few years if Britain found itself in deficit on invisihle transactions for the first time since 1947.

This would he a considerable hraak with tradition. Apart from the immadiate post-war years and during World War II *itself*, when no balance of payments figures were published, Britain has earned a surplus on invisibles in every year since record-keeping started, in Queen Victoria's reign.

The invisibles surplus has proved *of* great benefit in offsetting delcits in visible trade and so bolstering Britain's current account position during the balance of payments crisis of the 1096s ad 1970s.

The current account — the sum of visible and invisible trade transactions — bas been in the red in about one year in two in the past 20 years.

Revealing

With Britain now almost self-sufficient in oil, it could be said the country no longer needs a permanent surplus in invisibles. But it is *revealing* that one important factor behind the shrinking of the invisibles surplus — the high value of the pound, a direct result of North Sea oil — bas also contributed substantially to deterioration in Britain's trade balance in manufactured goods.

Just as Britain is freeing itself of the oil deficit imposed en most other industrialised countries, it may have to shoulder a new hurden caused hy a *shortfall* in invisibles.

The invisibles balance comprises three components, each the sum of large credits and dehits. These are the net surplus on services; interest, profits and dividends; aod aransfers by the Goverment and private sector.

● The net surplns on services, whose main components are shipping, civil eviation, travel and financial services, has remained constant at about £3hn in the apst three years. There seems little prospect for the *further* steady growtb that had once ben boped for.

The bealthy surplus generated from financial services—banking, insurance, commodity trading, brokerage etc, mainly carried out in the City of London—seems fairly buoyant. There may he some longer-term decline in the importance of London as a financial centre if UK inflation, plus the effect of the strong pound, continues to push up costs. But this does not appear to be the case at the moment.

Britain's surplus from bome and overseas travel is, however, dropping, as more Britons take holidays ahroad and tourist spending io this country levels off. This is another result of the rise in value of the pound, which cheapens foreign holidays just as it makes Britain more expensive for foreigners.

● Interest, profits and dividends. This was the area from which Britain for decades was used to reaping rich rewards as companies repatiated profits from foreign investment. But the surplus declined to £200m last year from £1hn in 1978, largely owing to increased profits remitted back to their parents hy foreign-owned oil companies operating in the North Sea.

As North Sea production (and, of course, the visible trade benefit to the UK's oil balance) bas built up, the offshore oil companies have become mnch more profitable than UK companies operating overseas.

Along with the steady build-up in profits remitted bome, interest payments are also rising on the foreign loans taken out to finance oil exploration and development earlier this decade. The Bank of England estimates that oil IPD payments overseas, which totalled only about £500m in 1978, may rise to £2hn this year.

Worsening

A second factor working towards a worsening of the overall IPD balance is that net earnings by UK hanks on their Eurocurrency husiness has been declining sharply.

In the final quarter of last year, banks' horrowing and lending operations in foreign currencies showed a net deficit, *of £76m, for the first time since* the early years of the Eurocurrency market hack in the 1960s.

Normally the banks make a sizeahle net surplus by borrowing from abroed and on-lending to an overseas horrower at a higher interest rate. But at the end of last year UK banks appeared to be taking in money from oversees to lend to UK customers, resulting in a net outflow of interest payments.

● Transfers, by Government and the private sector. Here worsening in the traditional deficit has been particularly marked in recent years as a result of Britain's growing net contribuions to the EEC.

The deficit climbed to £2.4bn last year, from £1.9bn in 1978, and only about £200m hefore Britain joined the EEC in 1973.

There has also been en increase in economic grants made overseas as part of the development aid programme, as well as a probably non-recurring upsurge of around £50m in cash transfers hy individuals reacting to last October's abolition of exchange controls.

The primary importance of Britain's large net EEC contrihution, projected at £1.2bn this year, is as a drain on puhlic spending rather than a large debit item on the balance of payments.

Unfortunately for Mrs. Thatcher, maoy of Britain's EEC partners view the question *mainly in balance of payments* terms. They see no reason why a country beginning to generate a surplus on its oil should not now, after more thao a century of relying on foreign earnings, start to run into the red on lovisibles.

Newspapers weather dispute

MOST provincial newspaper groups are entering their third week of non-publication, as their near-solid lock-oul of members of the National Graphical Assoclation over a pay dispute continues.

Are they well placed to weather the stoppage?

The answer is oeither clearly in the affirmalive nor in the negative, but a heavily qualified version of either. They may suffer badly if . . . or, to put it another way, they may pull through well, unless. . . .

To take the worst case first: the provinclals will do badly this year if tbe present dispute is prolonged and if the recession in advertiaing, which most had feared (or had beeo told) would come at the end of last year really doca materlalise in the second half of this one.

The second of these condltions is—unless the dispute lasts some months—the more serious.

The blg four provincial publishers—Associated Newspapers, Thomson Regional, Unlted Newapapers and Westminster Press—had all assumed that tbey would he lucky to report the same profit figure in the current year as they dld in last, and none would be surprised hy a decline.

The smaller groups, many of them family companies with one or two titles, appear similarly placed, except that their executives lay greater

John Lloyd looks at the provincial newspapers' dispute with the National Graphical Association and discusses its likely economic effects on the industry

stress on the abort-term damage likely to be caused

Lackiog the reserve of the large groups—a cash-flow crisis could he upoo them much more quickly.

In a forum conducted in January by the Newspaper Society, the provincial press's national orgaoisation, advertisement managers from a range of groups cautiously forecast that husiness might not, after all, be too bad.

There waa, however, a determined air of whistling to keep the spirits up and members were advised to ignore doom-mongers.

They are not, however, so easlly forgotten. Thomson Regional Group takes the gloomiest view of the majors, though its projections for the year are couched in roughly the same terms.

"It will be a blg blg struggle this year, said a senior TRG executive." We have invested heavily in new capacity and, we now have more than we can use.

"We increased our wage ratea by 23 per ceot last year but increased our volume by only three per cent and reduced our staff by ooe per cent."

Of the staple advertising diet wbich sustains the provincials, employment advertising has suffered worst, followed by the motor trade. For some papers—especially the weeklles — the drop in situations vacant ads has been wounding.

The large chains who dominate the provincial press and the NGA both believe that the present stoppage will hurt most the little groups.

The Royal Commission on the Press, reporting in 1977, noted that many small provincial groups were highly profitable —but that more than 200 weekly only publishers had closed between 1961 and 1974, and that the law of economies of scale always favoured the larger groups.

For most it is unlikely that the effects will be mortal; but they will be damaging.

North Wales Newspapers has nine weekly titles and an evening paper, the Evening Leader.

"The Leader was only begun seven years ago," says Mr. Pat Mansfield, the group's deputy managing director. "It's growing strongly but it's still delicate."

Yet he still sees the damage in buman rather than financial terms.

For the Wakefield Express group, a relatively small publisher with interests in commercial printing, public relations and a stake in the successful bid for the Leeds commercial radio station, the dispute has meant that the deliberate policy of diversificatioo has had to he slowed.

Retailer backs suppliers

A LEADING High Street retailer yesterday defended the manufacturers' right not to sopply all retailers with their products.

Mr. Keith Willoughby, corporate affairs director of F. W. Woolworth, told a London conference that retailers "should deserve access to items of merchandise and not demand it as a right, as some of our competitors would seem to indicate."

He referred to recent complaints by the Tesco and Argos stores chains to the Office of Fair Trading

Mr. Willougbby said Woolworth had had similar problems with manufacturers refusing to supply the company

He said Woolworth's success in seeking alternative supplies could mean that there was "no need to stock Raleigh as we have better competitive merchandise available."

Hepworth uses computer to cut bespoke suits

BY LISA WOOD

BRITAIN'S first computerised patterns system for made-to-measure suits was revealed yesterday by J. Hepworth and Son, a major manufacturer and retailer of men's clothing in the UK. The company has been using it for about a year.

It is based on the American Camsco Markamatic 5,000 System and was developed by Hepworth's employees.

Mr. Ronald Sheffield, Hepworths' production director, said the system gave Hepworths "a skillad measurer, which is ooe year old, with 150 years' experiencc."

Made-to-measure suits have always relied on expert measuring of th customer by tbe salesman, on the skill of a bighly-trained bespoke cutter, traditionally a man, and on the macbinist. Hepworths in recent years has invested in new equipment in the machine area.

The new system cuts ont the role of the bespoke cutter. Measurements are fed into the company's main computer. This passes on details of size, measurement, style and cloth to the Camsco system, nicknamed Charlie. Charlie adjusts customers' individual measurements from a basic pattern.

A miniature pattern is then displayed on the video-screen and traces out a life-sized paper pattern, fitted into the cloth by operators. These paper patterns are used by aoother team of women who cut the cloth before machining.

About 28 per cent of Hepworth's made-to-measure suits, which make up just under 50 per cent of its suits output, are made using the new system.

About 50 traditional cutters have been redeployed or bave acepted voluntary redundancy. About 100 cutters, using traditional methods, are atill employed on cutting suits not yet programmed on the computer.

The new operators, all women, were formerly on tbe factory floor. They bave received between 8-16 weeks' training on the new system.

Hepworth's sai dtbe project, which cost about £250,000 and which was partly financed by the Government'a aid-to-industry scheme, has enabled it to hold down rising production costs and to improve the quality of suits. Individual idiosyncrasisc of the traditlonal cutters have been removed.

The company hopes to produce, ultimately, about 80 per cent of its made-to-measure suits, which include the Hardy Amies range, by the new method. The company is currently experimenting with new technology on the cutting-out process; use of laser-bears, for example, is being considered.

Suit-manufacturers have heen under increasing presure from imports, particularly from Eastern Europe. Manufacturers of made-to-measure, which is virtually unique to the UK, have for some years steadily been losing the market to tbe off-the-peg suit.

£30m cuts in NHS 'may be impossible'

BY ROBIN PAULEY

HEALTH DEPARTMENT demands for a £30m saving in National Health Service management costs may be impossible to meet says the National Association of Health Authorities in England and Wales.

In its comments on Patients First, the Government's discussion paper for reform of the NHS, the association says management costs represent only about 5 per cent of the service's total expenditure.

The Department of Health and Social Security had published no figures to show how a reduction of £30m could be achieved, nor had it demonstrated that the NHS overspent on administration compared with other services.

The association fears that after the NHS restructuring, the DHSS will withdraw £30m from allocations to take account of the proposed savings. "If health authorities, for very good reasons, are unable to achieve that figure, patient services will suffer," it says.

The association accepts the need to simplify the administrative structure of the NHS. "But it would be wrong to expect that after another round of reorganisation all will be well.

"A major upheaval among staff is inescapable and there are bound to be adverse effects on morale generally and on the performance of health authorities."

Even when the NHS structure was altered there would be much to do if patients were truly to be seen to be put first by the Government, the association says.

Rise in cost of raw materials slows

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRY'S raw material and fuel costs rose 4.3 per cent between January and April—half the rate of the previous three months, according to Department of Industry wholesale price Indices.

The slowdown results from a combination of tbe strength of sterling, a fall in tbe price of many world commodities, and a much alower rate of increase in the price of crude oil.

The costs index increased in April by 0.7 per cent to 201.8 (1975=100). Tbe 12-month rate of increase has fallen from a revised 29.2 per cent in March to 25.6 per cent.

Tbe underlying rate of increase of output prices is accelerating slightly. But competitive pressures have limited the increase to 9.3 per cent in the past six months, compared with 8.9 per cent in the previous half year.

The output prices Index rose 1.4 per cent in April to 197.1. The 12-month rate of increase was broadly unchanged at 19.1 per cent.

Ballot consensus

BI-PARTISAN political consensus on secret ballots for regulating trade union affairs has become evident.

Mr. James Prior, Employment Secretary, said ballots ought to be used hy union leaderships as "support and protection for the majority of members." But it would be "quite wrong" to seek ballots as a substitute for efficient and responsible union leadership.

Mr. Eric Varley, Opposition employment spokesman, said ballots were no panacea for industrial relations problems, hut he could see "no great issue of principle" in opposiog their extension with the aid of public funds.

Sangers' closures

Sangers Group, thought to be Britain's fourth biggest pharmaceutical wholesaler, is to close 15 of its 27 wholesale branches as part of an effort to streamline and halt a substantial drop in profits.

Drugs exports up

Pharmaceutical exports rose 25 per cent to £184.6m in the first three months, compared with £147.8m in the first quarter of 1979.

Imports were 4.3 per cent up at £56m, compared with £53.7m. Trade surplus rose 37 per cent to £128.6m, compared with £94.1m.

Steel criticism

SIR MONTY FINNISTON, former British Steel Corporation chairman, has criticised Government policy to cut back steel production. Present talk was of a steel recession, but world production was a record of about 800m tonnes last year.

Items in this section appeared in the Frankfurt edition of the Financial Times on Tuesday and Wednesday.

Jobbing freedom

UK JOBBERS and stockbrokers will be able to deal more freely in international markets from midnight on June 22. The Stock Exchange Council has approved final draft rules governing dealings in international securities.

Four-hammer forger

THE LARGEST automatic forging machine of its kind, with four instead of the conventional two hammers, has been commissioned in Sheffield by Firth Brown, the steel division of Johnson and Firth Brown.

Nuclear approval

MANAGEMENT of radioactive waste and progress towards finding a permanent method of disposal are satisfactory, a watchdog committee has told the Government after 18 months' study.

But the Radioactive Waste Management Advisory Committee says that without the results of the test drilling programme, it will be unable to advise on one of three main options for storing the most highly radioactive wastes.

Power plant inquiry

THE MOTHBALLING of the Isle of Grain power station in Kent is to be investigated by the Select Committee on Energy. It hopes to publish a report before the end of July.

British Airways budgets for profit of £78m

BRITISH AIRWAYS is budgeting for a net profits of about £78m in the 1980-81 financial year, compared with break-even in the year to March 31.

It financial plan includes a 32 per cent increase in revenues to about £2.2bn and substantially higher costs.

These include a 47 per cent rise in fuel bills to £603m, and a 27 per cent rise in landing and navigation fees to £166m.

Passenger traffic is predicted to grow at 5.2 per cent, compared with about 14 per cent in 1979-80.

NGA rejects print dispute peace moves

BY PAULINE CLARK, LABOUR STAFF

UNION LEADERS of the eight-week-old provincial print craftsmen's dispnte yesterday rejected new peace moves by print company employers.

They also claimed that provincial newspaper employers' resistance to their pay campaign was weakening as Berrows Newspapers of Worcester becama the second major Midlands gronp to reinstate suspended printers.

Berrows, which is part of News International and owns more than 20 newspapers in the area, was back in production last night—the samo day that a national officer in tho National Graphical Association began renewed pay negotiations with the Birmingham Post and Mail, wbich returned to production last week.

Similar pay negotiations are expected to take place at Berrows today although elsewhere most provincial newspapers are still not appearing because of tha national lockout of NGA members.

The NGA, which has been taking industrial action for more than six weeks over a demand for an £80 minimum earnings level, told an informal meeting with representatives of the Advisory/Conciliation and Arbitration Service yesterday that it was not prepared to back down from its claim.

It said that it was continuing to gain successes in its campaign to persuade individual employers throughout tha provincial newspaper and general print industries to meet the demand on an interim basis.

About 50 per cent of NGA provincial members were claimed to be back at work this week and their employers exempted from disruptive action because interim pay agreements had been reached.

The union continues, however, to threaten further sympathetic action by its Fleet Street members. The Financial Times and the Daily Mail yesterday became victims of the campaign to put pressure on national newspaper-owners with newspaper interests in the provinces.

Tho union yesterday "instructed" its provincial members in the general print industry not to accept en invitation to return to work issued by the British Printing Industries Federation.

The BPIF decided at a council meeting—not attended by Newspaper Society employers—to offer reinstatement to suspended NGA employees from next Monday as "a gesture of faith" on the basis that normal working was restored.

● One of Britain's biggest printing firms, the Norprint company, Bostou, Lincs, has reached a local agreement in the national dispnte.

The 130 members of the NGA who were sacked threo weeks ago after refusing to call off their industrial action were back to work yesterday.

Inquiry into decision to stop building power station

The Hous of Commons Energy Committoe is to investigate tho reasons for the Central Electricity Generating Board decision to stop construction at tho big Isle of Grain power station in Kent.

A nine-month strike by 27 laggers employed to insulate pipes and boilers bas put another 2,000 jobs at risk. The CEGB said last month it intended to stop work at the £560m oil-fired station by Juno unless the laggers ended the strike.

The energy committee will call evidence from both sides on what has gone wrong at the troubled site.

The dispute is over bonuses. The laggers were earning more than £300 a week, but a management plan to ntroduce bonus payment parity would bavo meant a £50 a week drop in their wages.

The Isle of Grain station in the Thames Estuary bas been struction began. It was to be tho largest oil-fired power station in Europe. But spiralling oil costs have cast questions over its economics, construction costs bave rocketed, and it is four years behind schedule.

TUC attack on social security cuts

BY ERIC SHORT

GOVERNMENT CUTS in social security benefits were attacked yesterday by Mr. Norman Willis, deputy general secretary of the TUC. He called the new policies a "Scrooge's Charter," and said this year's Budget represented the biggest attack on social security provision since the 1930s.

Mr. Willis was speaking in London, at the launch of the TUC's latest "Briefcase," which is on the effects of the Government's social and economic policy. He said the booklat's aim was three-fold.

First, it was to set the record straight about the social security system and to expel created myths.

Secondly, it listed the Government cuts in the system, from lower rises than hitherto in the benefit ratings, to discrimination against strikers' families.

Thirdly, the booklet sets out what the TUC would like to improve the system. It calls for extension of the child benefit system, with payments raised to £8 a week instead of the proposed £4.75; and for maintenance of the universal benefits system and an end of means-tested benefits.

Bid to convert hotel wages council fails

BY NICK GARNETT, LABOUR STAFF

THE ADVISORY, Conciliation and Arbitration Service has declined to support a nnion application that the wages council for workers in licensed botels and restaurants should be converted into a Statutory Joint Industrial Council. The conncil fixes minimum pay and conditions for several hundred thousand workers.

The ACAS report followed an application from the General and Municipal Workers' Union, supported by two other unions.

It recommends changes in the way tho council operates. These, it says, should lead to more effective employer-union negotiations on tho council. In turn, this migbt create the right circumstances in a few years for both employers and unions to seek conversion of tho couocil to an industrial council.

The recommendations immediately condemned by the Hotel and Catering Workers' Union, a new section of the GMWU bave been sent to Mr. James Prior, Employment Secretary. He will consult council members before making a decision. Tho application bad been made under the 1975 Employment Protection Act.

An industrial council differs from a wages council in not having independent members. It has provision instead for conciliation and binding arbitration.

No industrial council bas yet ben formed for an industry, althougb provision for them is laid down in the 1979 Wages Councils Act.

The ACAS report says certain conditions should be met by a wages council before it could be converted successfully into an industiral council. The council for licensed botels and restaurants failed to meet these conditions.

The most important condition was that the two sides of a wages council show they can reach agreement without independont mebers intervening.

The repart says there is a low level of organisation and collective bargaining in the industry. The omployers' associations are not sufficiently representative to make an industrial council operate effoctively.

Unions and employers, who havo been resisting the application, have consistently failed to reach agreement without intervontion of independent members.

The rport says there should be moro opportunity for face-to-face discussion between employers and unions on the wages council. Tho names of trado unions and employers' associations nominatod to appoint council mombers should appear on wages council notices sent to employors.

Sucb developments would assist unions and employors' associations to increase thoir membership as a basis for developing effective colloctive bargaining machinery, the report ays.

The Hotel and Catering Workers' Union said tho report charts the "almost total opposition" of employers' organisations to any change in existing statutory wage-fixing arrangemonts.

Dismissed convener says he was a peacemaker

MR. DEREK ROBINSON, the BL convener dismissed for bis attack on plans to reshape BL, told an industrial tribunal in Birmingham yesterday that be was in fact a peacemaker and bad prevented several strikes.

Mr. Robinson was dismissed last November for distributing leaflets attacking BL plans, which the workforce bad voted to accept.

He claims the dismissal was unfair, but be has yet to convince the tribunal that it can bear his claim, which was presented outside the three-month statutory limit. The tribunal adjourned until Monday to bear final submissions on this point, and medical evidence.

Mr. Robinson told the tribunal: "I was the convener for the plant. It was my job to make sure that aggrements were carried out both by the management and the men.

"There have been countless occasions when shop stewards and men bave wanted to walk out, and I have played a part in avoiding this. I always adopted the attitude that agreements sbould be bonoured whether they were good or bad."

CPSA looks to Labour

BY PHILIP BASSETT,

BRITAIN'S largest civil service union seems likely next week to begin to break with the traditional non party political stance of tha Civil Service by taking a first tentative step towards affiliating to tho Labour Party.

A motion for the Civil and Public Services Association's annual conference calls for a membership campaign for affiliation prior to tho required ballot on the question. It is likely to be approved.

Union officials foel that support for affiliation is now much stronger because of the present Governmont's policy of manpower cuts.

And yesterday, Mr. Ken Thomas, CPSA general secretary, declared his firm support for affiliation.

Such an obvious link between its own direct omployees and the Opposition could prove embarassing to the present Conservativo Government and would add a now aspect to staff relations under any future Labonr Government.

Civil service nnions were banned from affiliation to a political party undor the Trade Disputes and Trades Unions Act of 1927.

When the Act was repealed in 1946, the CPSA tried and failed in a ballot to win the support of its members for affiliation.

Retirement

Tbe union's own interoal political differences will surface again at the conforence next week, most pointedly in the olections for the executive.

Mrs. Kate Losinska, tbe present Right-wing president, is expected by most political groups in the union to retain her seat.

And there is some feeling that the left may hold less than a dozen executive seats. Tho present split 20-6 in favour of the left.

Both left and right are likely to support an emergency motion, which is likely to be tabled next week, seeking to extend Mr. Thomas' period of office.

Under union rules officials bave to retire at 55, and Mr. Thomas' retirement is due within the next 20 months.

Post Office No to clerical staff claims

BY PHILIP BASSETT, LABOUR STAFF

AN ATTEMPT by telecommunications clerical staff to reopen their pay settlement of last year, following two recent arbitration awards to other unions, was rejected yesterday by tho Post Office.

After a long dispute last year, which held up issue of computer-processed telaphone bills and seriously disrupted the Post Office's cash-flow, the 37,000 Post Office mombers of the Civil and Public Services Association egreod to accept a pay deal. It gave increases averaging about 20 per cent.

Since then, two separate arbitration awards have given increases of 21-26 per cent to membors of the Society of Post Offico Executives and 5½ por cent to the Post Office Engineeriog Union.

The CPSA, whose clerical grades' pay is similar to that of the engineers, feel that the awards have altered the whole basis of the idea of a pay "spine," which the PO introduced last year to bring about grade restructuring.

Mr. John Raywood, CPSA assistant general secretary, said yesterday that Sir William Barlow, Post Office chairman, had refused the union's claim to reopen last year's doal.

Sir William told the union that furthor payments could only como from this year's settlement, or from restructuring.

EUROPEAN OPTIONS EXCHANGE

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ABN C	F.280	a	1a	—	—	—	—	F.292
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HEI C	F.65	—	—	a	4	—	—	"
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IBM C	$60	3	1 1/8	—	—	—	—	$54
IBM C	$65	—	—	10	1 1/2	—	—	"
KLM C	F.60	—	—	20	7.40	—	—	F.63
KLM C	F.70	116	1.60	30	5.20	—	—	"
KLM C	F.80	—	—	118	1.20	—	—	"
KLM C	F.80	89	0.10	—	—	—	—	"
KLM P	F.60	19	3.20	—	—	—	—	"
KLM P	F.70	5	8.50	20	11	—	—	"
KLM P	F.80	3	17.50	—	—	—	—	"
NN C	F.115	—	—	1	6	—	—	F.117.30
NN C	F.120	20	1.60	40	3.20	—	—	"
PET C	Fr.6500	10	13	—	—	—	—	Fr.5150
PHI C	F.17.50	5	1.40	4	1.50	0	2.20	F.18.80
PHI C	F.20	150	0.20	16	0.60	140	1	"
PHI C	F.22.50	—	—	12	0.50	—	—	"
PHI P	F.17.50	—	—	18	0.90	—	—	"
PRO C	$85	—	—	10	0 1/2	—	—	$82 3/4
PSA C	F.145	10	8.70	—	—	—	—	F.132.00
RD C	F.150	147	3.50	—	—	—	—	"
RD C	F.160	311	2.10	272	4.20	200	6.80	"
RD C	F.170	118	0.60	218	2	—	—	"
RD P	F.140	14	1.80	—	—	—	—	"
RD P	F.145	10	3.80	—	—	—	—	"
RD P	F.150	18	6.90	—	—	—	—	"
RD P	F.150	50	14.20	—	—	—	—	"
T P	$50	5	4 1/4	—	—	—	—	"
T C	$55	—	—	a	1 7/8	—	—	$54
UNI C	F.110	15	3.80	—	—	—	—	F.112.20
UNI P	F.120	—	—	a	1.90	—	—	"
UNI P	F.105	4	2.40	—	—	—	—	"
XRX C	F.70	—	—	1	5/8	—	—	$52 1/2
		May		Aug.		Nov.		
OXY C	$20	10	3	—	—	—	—	$22 3/4
OXY C	$25	—	—	—	—	10	2 5/8	"
SLB C	$100	3	7	—	—	—	—	$106 3/4
SLB C	$110	1	1	—	—	—	—	"
SLB C	$120	—	—	2	3 1/8	1	7 5/8	"
		June		Sept.		Dec.		
GM C	$45	—	—	10	2 1/2	—	—	$42 5/8

TOTAL VOLUME IN CONTRACTS 3040

C=Call P=Put

Walker firm on UK's food prices 'trump card'

BY IVOR OWEN

IF THE FRENCH demand for a 5 per cent increase in Common Market farm prices is conceded even a £800m reduction in Britain's net contribution to the Community budget would he aubstantially eroded. Mr. Roy Mason, Labour's Shadow Minister of Agriculture, warned in the Commons yesterday.

He claimed that there were "clear indications" that such a concession was about to be made, and calculated that it would have the effect of increasing Britain's food hili hy ahout £300m.

Mr. Peter Walker, the Minister of Agriculture, retorted thst his position was the same as that of Mr. James Callaghan, the Opposition leader, when in teh Commons last week he described the freeze on common food prices as Britain's "trump card."

He recalled that Mr. Callaghan then promised Opposition support for the Government in not giving way on the freeze until the budgetary issue was settled.

Mr. Walker, who stressed thet the freeze had been maintained at the meeting of EEC Agriculture Ministers in Brussels earlier in the week, said discussion on the agricultural prices package would be resumed on May 28 wben EEC Foreign Ministers would also meet to give further considera-

WALKER: taunted Opposition benches

tion to the EEC budget.

He taunted the Opposition benches with the face that even if the Government were to accept a 5 per cent increase, it would still be much lower than the average increase in common farm prices wbich occurred while the Labour Government was in office.

Mr. Walker pointed to the benefits wbich will accrue to the Scotch whisky industry — £40m Initially and suhsequently £20m a year—from the refunds of levies on imported cereals used in the production of spirit drinks as another area where he bad achieved better results than bis Labour predecessors.

He had ohtained a commitment from the Council of Agriculture Ministers to adopt a regulation this year providing for the refunds to he paid.

Mr. Walker said the payments to tbe whisky industry — whicb are suhject to agreement on the overall prices package — would be of "substantial henefit."

Other measures which bad heen agreed by Britain's eight partners, and which again were subject to agreement on the overall package, Included the whole of the UK's butter suhsidy, the heef premium scheme, and the continuation of the augar quotas.

As for a sheepmeat regime, he promised that to be acceptable, it would bave to provide safeguards for UK sheep producers which were as good, if not hetter, than those at present available.

Mr. Walker acknowledged the need to ensure higher rewards for Britain's farmers by underlining the fact that farm iocomes over the last two years had dropped qulte substantially in real terms, and admitting that input costs were increasing.

MPs likely to press Joseph on BSC chief

By Elinor Goodman, Lobby Staff

SIR KEITH JOSEPH, the Industry Secretary, is likely to come under strong pressure from MPs on botb sides of the House next Thursday to reveal more details of Mr. Ian MacGregor's contract as the future chairman of the British Steel Corporation.

But hongh some Conservative hackbencbers may be openly critical of aspects of the deal during the debate, the prospects of many Tories expressing their reservations in the division lobbies about the way the ffair bas been handled seems to bave diminished.

The Prime Minister's strong personal becking for Sir Kelth at he week-end did much to diffuse the rw on the Conservative benches which blew up immediately after Mr. MacGregor's unique terms of contract were announced by Sir Keith last week.

Moreover, the form of the debate is not such as to encourage rebellions on the Tory benches. The Government has agreed to Labour's demand for a debate next week on Mr. MacGregor'a appointment.

But the vote will be on the motion to adjourn the House and this means that Labour does not have the opportunity to put down an amendment, criticising the terms of Mr. MacGregor'a contract, which some Tories might heve found difficult to vote against.

Nevertheless, soma Conservatives are still uneasy about the way Mr. MacGregor's eppointment has been bandled.

In particular, they want to know more ebout the arrangements for essessing wbether his performance merits the additional payment to his former employers, Lazard Freres.

● A total of 31 people were approached or considered during the search for a new chairman for BSC, Sir Keith told the Commons last night.

He said the Government had engaged Russell Reynolds Associates Inc. to assist with the appolntment of a new chairman. Russell Reynolds supplied a list of 31 people whom tbey had approached or considered for the BSC chairmanship, and recommended seven

Optimism on interest rates cut

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A SPIRIT of "qualified optimism" can now exist that market conditions are being created for a fall in interest rates, Mr. John Biffen, the Chief Secretary to the Treasury, told the Commons yesterday.

But he emphasised that it would he "wholly irresponsihle" for him to speculate on the timing of when this can be done.

Mr. Biffen, who recently made a speecb forecasting three years of unparalleled austerity for Britain, was in a more optimistic mood yesterday as be opened the second reading dehate on the Finance Bill.

He chided those of his colleagues who seemed to agree with the line from Browning that there would "never be glad confident morning again."

"I don't think things are thet bad," declared the Chief Secretary. "I think there are circumstances which are quite encouraging."

He told the House that no single factor determined interest rates but there were four propitious points that could be identified:

● There were signs that international interest rates, with the exception of Germany, were falling.

● Domestic rates of inflation, although not yet at their peak, were expected to fall to the Red Book calculation of 16.5 per cent by the second half of the current year.

● Public sector borrowing requirement, estimated at £8.5bn for the current year, was likely to make a smaller demand on gross domestic product than the borrowing requirement for tha year just ended.

● Money supply, measured by M3, was coming under better control. Since mid-June the annual growth of M3 had been around 10 per cent and the figure was even better if calculated since mid October.

Mr. Biffen's remarks followed a statemen made in the public spending debate on Wednesday by Sir Geoffrey Howe, the Chancellor, who ruled out an early reduction in interest rates. Mr. Biffen strongly associated himself with the Chancellor's views and, in order to empbasise their importance, requoted the pertinent passages from Sir Geoffrey's speech of the previous day.

He recalled that Sir Geoffrey had said that the Government could not he sure of the position until it was clear that current interest rate levels were restraining the excessive growth of bank lending in recent months. He also read out the sentence in which the Chancellor bad said that to reduce minimnm lending rate prematurely would risk undermining the Government's anti-inflation policy.

Mr. Biffen also did some fence mending over the speech the previous day by Mr. Edward du Cann (C. Taunton), who is chairman of the Treasury and Civil Service Select Committee and of the 1922 Committee of Conservative backbenchers.

Mr. du Cann had told the House on Wednesday that the Select Committee bed thrown doubt on so many assumptions in the expendlture White Paper that it suggested that the Government's whole strategy would be at risk unless there were variations in policy.

Mr. Biffen said the Press had represented this as e savage attack on the policies of the Government but, in fact, this was not borne out by Mr. du Cann's speech.

He said that Mr. du Cann had recently written, in a Conservative publication, that the Chancellor's budget bad laid the foundations for higber growth, fuller employment and a return

BIFFEN: "I don't think things are that bad"

to rising living standards.

raise revenues which were responsible in relation to spending and which would permit a manageable borrowing requirement.

From the Opposite Front Bench, Mr. Denis Healey, Labour's Shadow Chancellor, said thet in its first year In office, the Conservative Government had produced a catastrophe wben all the fevourable factors should have led it to economic triumph.

It was not a "cut tax and run hudget" but was designed to

The Chief Secretary said the Government was putting forward a responsible Finance Bill.

At the election, the Teries hed promised to rednce inflation by controlling money supply and improving Britain's performance hy cutting taxea and setting people free. Yet inflation had now doubled to 20 per cent and was still rising.

Much of this increase was due to the Government's own actions. It had increased VAT to 15 per cent, increased rents, rates and public sector charges, devalued the green pound and caused record interest rates. Fsr from improving our performance, economic activity was falling and unemployment had risen steeply.

He said that according to the Prime Minister's own account, tha only hright apot was e rise in living standards. But this had been caused hy earnings rising faster than prices. People were not ácting eccordiug to monetary theory but were looking at the increases in prices which the Government had told them to expect.

The present budget totally cancelled out the income tax reduction in the first one—"everyone in the country is much worse off after two hudgets except the tiny minority of very wealthy people."

Labour Right claim victory

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR right-wingers clalmed yesterday that they were beginoing to notch up victories in the struggle for the soul of the Lahour Party.

The Campaign for Labour Victory, whose supporters in Parliament include Dr. David Owen and Mr. William Rogers, said yesterday that the "heartening message" emerging from within tbe Party was that the tide was turning and that tbe "destructive trend of the last year" was finally heing brought to a halt.

To support thls view, the CLV quoted the way the Amalgamated Union of Engineering Workers—whose vote at last year'a Party Conference tipped the halance in favour of the Left's proposal on the automatic reselection of MPs—was now backing the moderates' position on all the three major constitutional issues facing the Party.

In its evidence to the Labour Party's Commisslon of Inqulry, the Union has rejected the Left's ldeas on mandatory reselection of sltting Memhers and turned down the idea that the Party's National Executive should control the drafting of the Manifesto.

It has also agreed with the Parliamentary Labour Party in concluding that there should be no change in the way the Party leader is elected.

Even more encouraging, the CLV says, has been the growth of support for the reform of the National Executive itself. So far, it points out, four major unions have backed this idea which CLV helieves is fundamental to the future of the Party.

Workers' absolute right to work

BY PHILIP RAWSTORNE

THOSE WHO WISH to work on the TUC's "day of action" next Wednesday have the "absolute right" to do so, Mr. William Whitelaw, Home Secretary, asserted yesterday.

"It is in their own interests, their colleagues', their jobs' and the future of the country that they decide to do so," he declared.

Mr. Whitelaw, who was deputising for the Prime Minister, delivered his judgment with Thatcherian vigour —and Tory MPs cheered bim warmly for it.

But Mr. Michael Foot, Labour's deputy leader, retorted that the High Court ruling on the newspaper unions' action had fully supported the right of any trade nnionist to "decide for himself what he wants to do on May 14."

Almost overwhelmed by a barrage of interruptions, Mr. Foot went on to qnestion the Home Secretary ahout Lord Denning's ruling in the Appeal Court that Granada Television must disclose the source of confidential British Steel Corporation documents.

"A serious infringement of the freedom of the Press," Mr. Foot called it: and he demanded Government legislation to protect Press rights.

Mr. Whitelaw replied that it would be "unwise" to comment on matters still snbject to the due process of law.

If he didn't wish to comment on one ruling, why had he been so eager to comment on the other? demanded Mr. Foot.

Mr. Whitelaw protested—but commented again: "The judgement did not invalidate the rigbt of people who wisb to go to work to do so."

What would he advise the unemployed to do next Wednesday? Mr. Douglas Jay, the former Labonr Minister, asked.

Mr. Whitelaw, given e moment to think by the Labour jeers, responded that if those who had jobs did not work, they were likely to make more of their colleagues unemployed.

He cautiously evaded queries about the action to be taken against puhlic sector employees who joined the TUC'a action.

Would the nationalised industries. aue for breach of contract? asked Mr. Alan Beith, the Liberal Chief Whip. "That's a matter for them," Mr. Whitelaw replied.

Lahour Left-winger, Mr. Bob Cryer, cried thst the day of action was the only way that trade unionists could protect their rights against the "savage attacks" made on them hy the Government.

No judgment mede "at the behest of the Pravda of the Tory Party, the Dsily Express," was likely to stop tbem, he said.

Pravda? Savage attacks?—"Rather absurd," said Mr. Whitelaw dismissively.

Had he noted tha great resurgence of patriotism io recent days? Mr. John Stokes (C. Halesowen) asked, rousing Tory cbeers again.

"I ame grateful, and I agree with you," Mr. Whitelaw said with satisfaction.

Top quality system for UK citizens' band

BY ELINOR GOODMAN, LOBBY STAFF

THE GOVERNMENT appears likely to choose a much higher quality system of citizens' hand radio in the UK than that used in other countries for the two-way radio sets.

At present it is illegal to operate any two way radio system in the UK without a licence. However, the Government intends to allocate a special frequency band for use by amateurs without a licence.

In a working paper to be published shortly on what the Government wants to be known as the "open channel," the Home Office is expected to rule out the use of the 27 Megahertz frequency used abroad. Instead, it is likely to suggest much higher frequency, nearer to 900 MHz.

The Government is clearly hoping that the new radio band will be a much more sophisticated syste mthan in the U.S. where the sets bave hecoma steadily cheeper over the years. They have developed into a cult among lorrydrivers and the young with a vocahulary of its own.

Although the UK radio industry had expected that the Government would opt for a higher frequency, the 900 MHz range now suggested is much higher than it bad expected. It will require expensive, sophisticated equipmeot which is likely to limit the market in the first instance to radio enthusiasts, and people with specialist requirements.

The Government has been pressed by the British radio industry to legalise the system. The manufacturers' cause has been taken up by a group of Tory backbenchers.

On Wednesday, the Government announced that it had decided in favour of the "open channel" in principle, and that it was considering a scheme which differed in certain important respects from thst used abroed.

ENERGY REVIEW: ALGERIAN GAS

BY FRANCIS GHILES

Perils and profit of a pipeline

ALGERIA will be linked to Europe by a pioneering underwater pipeline for natural gas next year. But the gigantic \$2.5bn-\$3bn project has become the subject of several disputes: is it safe from sabotage? Is it more economical than the original proposal to ship gas across the Mediterranean in liquefied form by LNG tanker? And what do the Europeans do about an Algerian bid to double the price of the gas they export?

Algeria already supplies Europe with more than half its imports of natural gas, a share which will increase to around 75 per cent by 1984, once the 1,500 mile pipeline from the eastern Algerian gas field of Hassi R'Mel to Bologna is fully operational.

Originally Algeria had planned to sell op to 21bn cubic metres each year to the U.S. by 1984. But, failure to reach agreement with the authoritiea in Wasbington about a number of contracts in 1978 and 1979 has led Algeria's state oil and gas company, Sonatrach, to shift a greater proportion of its exports to European customers. This gas goes by ehip in liquefied natural gas (LNG) carriers.

From late next year the proportion carried by ship will fall to about half. Tha rest will be carried by the Transmediterranean gas pipeline from Algeria across Tunisa and the Straights of Sicily tn tha Italian mainland. So confident are the Algerians of the viability of a pipeline that a sister pipeline is currently under discussion.

The plpeline will initially carry 12.36bn cubic metres of gas annually, a figure which will increase to 15bn in dna course and could be pushed np to 18bn if further pipelines are installed under the sea. By comparison, UK North Sea annual production is around 40bn cubic metres.

Sonatrach first opted for liquefaction when more than half the gas it was planning to export was earmarked for U.S. customers. It also felt that LNG carriers provided greater flexibility. Three major considerations lie behind the shift from carrier to pipeline. First, the capital cost of building pipelines ls rather lower than those of building and operating large gas liquefaction plants. The LNG plant at the major oil and gas base of Arzew in western Algeria cost more than twice the initial estimate.

Hence a larger sbare of the capital costs can be transferred to customers. This point is crucial as Algeria's leaders bave recently decided to scale down their conntry's ambitious industrialisation plans and divert more funds to agriculture and housing. They want to be less dependent during the next decade upon the sale of gas and oil than bitherto. Finally liquefaction and regasification waste about 18 per cent of the gas, whereas less than 1 per cent would be lost if it moved through the pipeline.

Preference

Sonatracb discovered its preference for exporting gas without liqnefying it at the very time when the pipeline across the Straits of Sicily looks more vulnerable to sabotage than ever before. The fear of sabotaga arises from the crisis in relations between Tunisia and Libya following a rail carried out late in January by Libyan-backed Tunisian dissidents against the southern Tunisian town of Gafsa. Evidence bas emerged that the raiders had accomplices in Algeria among the lower- and middle-ranking echelons of the army and the ruling FLN party.

The Tunisian authorities hava kept very quiet about this evidence, not wishing to complicate what they see as the delicate task President Bendjedid Chadli faces today. The Algerian President has to contend with some radical and Islamic political barons who have no especial love for *Tunisia and* are not insensitive to political overtures mada by Libya's strong man, Colonel Gadaffi.

These good relations find a very concrete expression in the Transmed pipeline. The pipeline project fits well into the long-held view nf President Habib Bourguiba of Tunisia that *closer relations between* neighbouring Arab countries must be founded on a bed rock of mutual economic interests. For the pro-western Tunisian regime, the fact that the pipeline locks them into a tight economic embrace with Europe is an added benefit.

Tension in the area has not prevented the construction of the pipeline from proceeding apace. It was begun late in 1977. The idea was initiated by the mineral agency of the Sicilian Regional Authority when it formed a joint company trach. The new company commissioned *the U.S. engineering* consulting group, Bechtel, to carry out technical and economic feaslbility studies.

The conclusions were favourable, but the Italian authorities considered the project too ambitious to meet tha modest gas needs of Cicily. Whatever misgivings Rome might bave had bowever, soon disappeared. The Italian "economic miracle" dramatically increased the country's longer-term energy requirements. Shorter term gas neesd were aolved by 1969 wben pipelines from the Netherlands and the Soviet Union came on stream. But it quickly became clear that by the mid-1980s a further 12bn cubic metres of gas a year would be needed to avert the threat of a shortage.

Italy and Algeria signed an initial agreement as long ago as 1973. It had to be renegotiated following the oil crisis and tha subsequent rise in energy prices. Then the Tunisian Government asked for a *10 per cent share* of the *total* gas carried by the projected pipeline—a demand which the other partners found exorbitant.

Agreement was finally reached between all parties to the project in September, 1977, when it was agreed that Tunisia would take 5 per cent of the total gas carried by the projected pipeline. This sbare will rise wben the volome of gas flowing through the pipeline tops the 12bn cubic metres a year figure. The Tunisians will be entitled to take 6 per cent of the extra 3bn cubic metres of gas that might then be pumped through the pipeline. As at present concelved, a total of 15bn cubic metres of gas could flow througb by 1984.

For Tunisia the project had a major advantage: it made redundant a project for developing its offabore Miskar field. Between 30bn and 33bn cubic metres of gas may be recoverable from this field whicb was discovered by the ELF-Aquitaine group in 1974. However, the gas field at Miskar would bave cost Tunisia \$650m to develop. Moreover, the gas is sulphurous and situated under deep water, so that Tunisia preferred to spend the money on something else.

The gas pipeline could eventually *revolutionise* current plans for gas supplies to Europe. It could turn Italy into a spaghetti junction for a network feeding gas to Italy, Germany, Switzerland, Austria, France, Belgium, Holland and maybe Yugoslavia and Greece.

Saipem, the construction subsidiary of ENI, has used the *largest and most technologically* advanced pipe laying barge in the world. Built by the Trieste-based Italcantieri, a subsidiary of the state controlled Fincantieri group, after almost eight years of design work and testing, the Castoro Sei barge costs \$140m.

It started work in September 1978 and can lay pipe in water depths of over 2,000 ft, well out of reach of either divers or conventional pipe laying barges. Its capacity to work in virtually all weather conditioos and ability to retrieve and repair pipes will effectively dispense with the "weather window" restrictions on existing operations. Its success may have a significant impact on energy collection in the deeper waters of the North Sea and areas such aa the Canadian Arctic.

Before any decision to build a sister pipeline is taken, the current deadlock io negotiations between Sonatrach and its European aod U.S. partners will have to be sorted out. Sonatrach recently suspended deliveries of gas to France and the U.S. company El Paso in a hid to raise the price they have to pay from below \$3 to \$5-\$6 per British Thermal Unit.

This ls part of a concerted move on the part of leeding LNG exporters to put prices for the fuel on an equal basis per thermal unit as those for oil. LNG prices bave traditionally been set under long term contracts and been well below the equivalent, in eoergy terms, for crude oil.

Many of Algeria's European customers and future customers are resisting not only Sonatrach's attempt to double the price, but also Algeria's expresed desire to sbift from LNG to gas. They have already begun the financing and building of expensive LNG terminals. Furthermore Sonatrach's decision to suspend supplies to Gas de France bas reinforced to argument about security of supply. Sucb security would be much less if the gas came through pipelioe.

While linking Europe and Africa, the Transmed pipeline should help to cement relations between Tunisia and Algeria. The two countries rarely see eye to eye the first being unashamedly pro-western, the second vociferously radical in Third World forums. Yet both have much at stake.

TRANS-MEDITERRANEAN GAS PIPELINE PROJECT

Algeria: Hassi R'Mel—Algerian/Tunisian border

Pipeline	550km.
Owner	Sonatrach......
Status	under construction
Est. cost	\$600m

Tunisia/Algeria border—Cape Bon

Pipeline	370km.
Owner	Tunisian government
Status	under construction
Est. cost	\$500m.

Sicilian Channel: Cape Bon—Mazara Del Vallo, Sicily

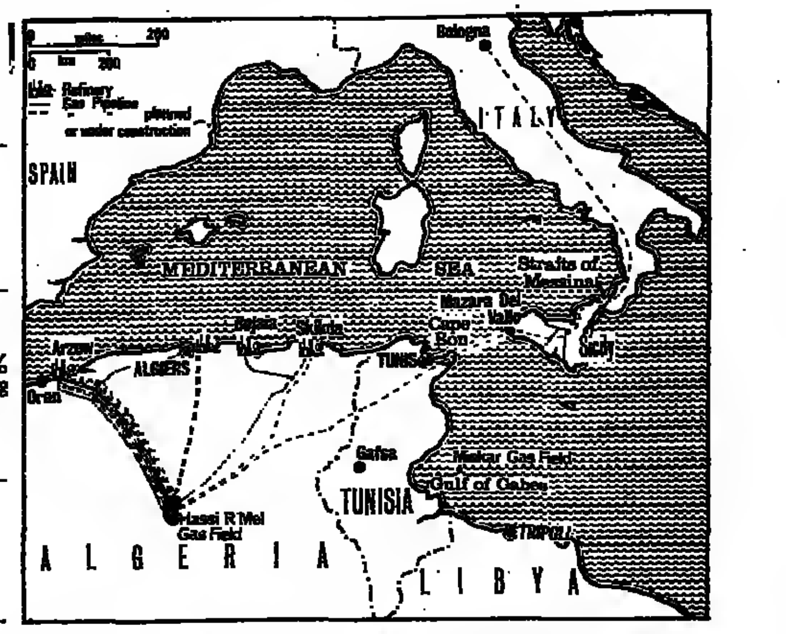
Pipeline	160km.
Owner	Trans-Mediterranean Pipeline Co. (50% Sonatrach/50% Sigat which 70/30 SNAM/EMS, a Sicilian mining Company)
Status	under construction
Est. cost	\$600m.

Sicily: Mazara Del Vallo—Casa Bianca, Mortella

Pipeline	350km.
Owner	SNAM
Status	under construction
Est. cost	\$350m.

Straits of Messina: Casa Bianca—Favazzina, Calabria

Pipeline	15km.
Owner	SNAM
Status	completed
Est. cost	\$100m.



Italian Mainland: Favazzina via Rome to Minerbio, Bologna

Pipeline	1,050km.
Owner	SNAM
Status	under construction
Est. cost	\$1,000m.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1978							
4th qtr.	110.3	103.0	109	101.7	132.3	1,340	230
1979							
1st qtr.	110.1	102.6	98	100.7	134.0	1,351	234
2nd qtr.	114.8	107.1	106	106.2	144.8	1,299	256
1st qtr.	110.1	102.6	98	100.7	134.0	1,351	234
3rd qtr.	113.1	103.0	99	99.5	144.6	1,269	247
4th qtr.	112.9	104.0	106	101.7	151.9	1,286	230
Nov.	114.4	105.5	114	102.5	153.2	1,282	234
Dec.	112.5	103.9	103	101.7	153.1	1,294	219
1980							
Jan.	111.9	102.4		103.0	155.3	1,339	207
Feb.	110.4	100.9		104.1	158.7	1,414	181
March				103.0		1,414	181
April						1,458	169

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuals); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1978							
4th qtr.	105.8	97.3	123.9	97.0	100.2	102.2	20.3
1979							
1st qtr.	106.0	99.3	126.9	98.9	98.4	100.1	12.9
2nd qtr.	108.7	102.9	132.8	102.7	110.1	103.0	21.3
3rd qtr.	105.7	96.0	132.1	94.9	103.8	100.1	21.0
4th qtr.	105.0	101.3	129.8	99.4	100.9	94.8	18.1
Oct.	104.0	98.0	130.0	96.0	102.0	96.0	20.5
Nov.	106.0	103.0	132.0	101.0	103.0	96.0	19.2
Dec.	105.0	103.0	128.0	101.0	98.0	92.0	14.6
1980							
Jan.	107.0	101.0	127.0	101.0	65.0	96.0	13.1
Feb.	106.0	101.0	124.0	100.0	57.0	92.0	11.4

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US\$bn*
1979							
1st qtr.	109.0	116.9	−1,588	−1,215	−235	107.0	16.78
2nd qtr.	135.3	128.9	−486	−310	−229	106.4	21.69
3rd qtr.	129.8	128.1	−493	−238	−158	106.8	23.19
4th qtr.	129.3	128.9	−745	−674	−157	103.7	22.54
Nov.	131.8	125.8	− 75	− 51	+ 27	104.1	22.42
Dec.	131.3	131.2	−252	−229	− 88	102.6	22.72
1980							
1st qtr.	131.6	126.7	−723	−573	−126	100.7	24.87
Jan.	129.9	128.3	−321	−271	− 74	100.9	23.71
Feb.	136.8	129.1	−226	−176	− 52	100.5	23.93
March	128.0	122.8	−176	−126	0.0	100.6	26.96
April							28.01

FINANCIAL—Money supply M1 and sterling M3, bank advances to sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
1st qtr.	7.6	9.3	32.6	+1,525	777	1,581	13
2nd qtr.	9.7	17.2	28.5	+2,707	777	1,867	14
3rd qtr.	15.5	10.2	13.2	+2,409	933	1,879	14
4th qtr.	5.1	12.6	16.2	+2,891	839	1,954	17
Dec.	5.1	12.6	16.2	+ 250	161	593	17
1980							
1st qtr.	−2.3	9.6	25.4	+1,889	634		17
Jan.	−8.1	8.7	22.6	+ 777	235	658	17
Feb.	−6.4	10.0	20.7	+ 505	199	667	17
March	−2.3	9.6	25.4	− 607	200		17
April							17

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.86	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.18	68.8
Nov.	162.1	186.0	181.6	237.7	237.0	297.22	68.4
Dec.	165.1	187.5	183.4	239.4	239.9	295.13	69.7
1980							
1st qtr.		197.6	191.5	248.8	247.5	284.47	72.4
Jan.	163.0	193.5	188.5	245.3	244.8	308.69	71.4
Feb.	167.3	197.6	191.5	248.8	246.7	304.27	73.2
March		200.5	194.4	252.2	251.1	284.47	72.6
April		201.8	197.1			275.67	72.6

* Not seasonally adjusted.

BUSINESSES FOR SALE

An interesting opportunity has erisen to acquire a majority or minority holding in an up market giftware manufacturer (with almost 100% sub-contracted production) who are the leaders in their particuler field. Freehold warehouse and offices in city centre plus warehouses and representative network In United States and West Germany; plus active distributors in other important export markets.

Sales in the financial year to end January 1980 exceed £300,000 with gross profits of £196,000 and nett profits before taxation and extra director's remuneration of over £33,000.

The sum required for 100% holding would be in the region of £160,000 including stock and property. The present directors would be willing co act as consultants for a limited period with remuneration tied to profitability.

Enquiries are invited strictly from Principals only to:—

Mr. David Cox. Cox & Co., Chartered Accountants, Old Boundery House, London Road, Sunningdele, Ascot, Berks. Tel: Ascot 20495.

OWNER RETIRING
FOR SALE FREEHOLD OR LEASE

Unique opportunity to obtain sound business investment end large valuable building of 30,000 sq. ft. at a very attractive figure. Situated on the South Coast. Business established in 1966. Turnover exceeds £1,000,000 p.a. Combined last three years' audited balance sheets show total GROSS PROFIT £364,000. The approx. NET PROFIT PER ANNUM £80,000 with considerable increase potential.

FIRST TIME ADVERTISED OR OFFERED

For details and appointments write to

10 OAKDENE DRIVE, TOLWORTH SURREY KTS

FOR DISPOSAL OR AMALGAMATION

ASSETS AND BUSINESS OF MEDIUM-SIZED COLOUR PRINTING COMPANY IN HOME COUNTIES

Purpose built long lease factory. Multi-colour plant plus finishing equipment *now under utilised. Fine investment for purchaser with substantial print* needs. Experienced and qualified management and labour force with design services available.

Write Box G.5820, Financial Times, 10, Cannon Street, EC4P 4BY

SCOTLAND — PERTHSHIRE

LEISURE INVESTMENT

Six Scandinavian Log Chalets and Detached Two-bedroomed Stone Cottage overlooking Loch Earn. Proven record showing about £10,000 per annum net. Meticulous order. Easy to *manage* ideal way of life business.

OFFERS OVER £110,000.

Apply: Bell-Ingram, 4 West Regent Street, Glasgow, 041-332 7311, or Robert Barry and Co., 11 South Charlotte Street, Edinburgh, 031-225 3271.

UK COMPANY FOR SALE

Engaged in selling unique patented product to the *motorists*, by way of wholesale, retail and mail order. Anticipated turnover in excess of £1 million in 1980/81. Profits expected to be in the region of 40% of turnover.

Offers invited in the region of £500,000 for UK operation. Buyer will also have first option on purchasing our foreign franchise operation.

Write Mr. C. Orage,
Bryce Hanmer and Co.
(Chartered Accountants),
23 Albermarle Street, London, W1.

FOR SALE

PRECISION LIGHT PRESSING CO. IN YORKSHIRE

With tooling facilities. Modern plant and factory with substantial land for expansion. Annual t/o (approx. £325,000) and excellent profit record. Sale due to retirement. Long lease or freehold available. *Tel. 01-349 3395 or write Box G5769, Financial Times, 10 Cannon Street, EC4P 4BY.*

EQUIPMENT AGENCY

Specialist professional Recruitment Agency with fee income from Temporary and Permanent sales of £750,000 p.a. for sale with branch offices. Asking price £600,000 for pre-tax profits of £200,000.

Principals only write to:
Box G5837, Financial Times,
10 Cannon Street, EC4P 4BY.

FOR SALE

ONE LARGE PIG BREEDING & FATTENING COMPANY

Successful Profit Record. Existing Management would continue. Write Box G5636, Financial Times, 10 Cannon Street, EC4P 4BY.

Luxton & Lowe Ltd

Specialist Agents in the

SALE & PURCHASE OF HOTELS/CATERING & NURSING REST HOMES

Urgently require sound businesses of all types to meet steady demand

Business Chambers

98a Burlington Road New Malden, Surrey - 01-949 5451 - PBX

FOR SALE

SMALL NON FERROUS

Freehold, approx. 4,380 ft. N. London area, owner retiring. Enquiries Phone 01-266 6516

ESTABLISHED

WARRANTY COMPANY

Would consider possible sale. Current T/O in excess of £100,000 with scope for expansion. Fully underwritten by D.T.I. approved insurers. All enquiries in strictest confidence please.

Write Box G5834, Financial Times, 10 Cannon Street, EC4P 4BY.

LEADING CONTINENTAL CAR FRANCHISE

Near Worcestershire, central, main road position. Freehold or Leasehold. New car sale "400," in one of the Midlands most important trading locations. Ideal for Fleet and Vehicle Hire. Excellent accessibility, visibility, expansion area and prestige location.

Write Box G.5332, Financial Times, 10, Cannon Street, EC4P 4BY.

EXPANDING GARAGE BUSINESS FOR SALE

in South East Essex with continental franchise. Projected turnover £1.8m, anticipated profit £100,000. Management willing to continue. Proven track record.

Write Box G5830, Financial Times, 10 Cannon Street, EC4P 4BY.

ENGINEERING COMPANY for sale, West Yorkshire. Under £50,000 tax losses available. Please write Box G.5835, Financial Times, 10, Cannon Street, EC4P 4BY.

ENGINEERING FACTORY—3,600 sq. ft. Fully equipped for turning, milling, grinding—V.B.M., and drilling. Situated on main Hyde Road, Denton, Manchester. Price including property £60,000. Write Box T.5251, Financial Times, 10, Cannon Street, EC4P 4BY.

CHAIN MANUFACTURERS
CHAIN TESTING ESTABLISHMENT

The Receiver of the Norbris-Pickering Group of Companies offers for sale as going concerns, either together or separately:

1. The property, plant and goodwill of the Chain Manufacturing business carried on from the Group's Factory at Coatbridge, Lanarkshire.
   This business is continuing under the Receiver, from premises equipped with modern plant and machinery, to manufacture Stud Link Chain and accessories for the Ministry of Defence and the Marine and Offshore Oil Industries.
2. The property and testing equipment of Lloyd's Scottish Testing Co. Ltd. at Hamilton, Lanarkshire. This testing equipment has a capacity of 740 tonnes.

Enquiries to: The Receiver, Norbrit-Pickering Group, Netherton Road, Wishaw, Lanarkshire, Scotland.

INTERFINANZ

Leading German Trading Company FOR SALE

Well-established in construction machinery, agricultural implements, mining equipment, with a strong sector in repairs and servicing, well-organised distribution network and subsidiaries all over the Federal Republic of Germany. Estimated turnover DM 100m.

INTERFINANZ · Schadowstraße 86–88 · D-4000 Düsseldorf 1 · Telefon: 0211-353772 · Telex: 08-587425

Fully equipped

ENGINEERING FACTORY

Sub-contract machining

Location: Herts., 5 mins. from M1.

5,500 sq ft modern premises with 18 years remaining on lease with 7-year reviews. Full range of machining plant including auto, capstan lathes. Inspection dept. fully approved by major engineering and automotive companies. Experienced management and skilled labour force. No order book. Would suit larger company requiring in-house machining facility or sub-contract firm needing extra capacity.

Replies in confidence to The Chairman. Box G5733, Financial Times, 10 Cannon Street, EC4P 4BY.

For sale. Long established

NATIONAL WHOLESALERS

Leathergoods (including small manufacturing division). Gifts and Fancy Goods. Souvenirs and Smokers' Requisites. Estimated annual turnover £600,000. Eight salesmen covering the UK and the Channel Islands. Current *orders approximately £100,000. Bristol* based in 20,000 sq ft freehold premises providing room for expansion. Available as whole or part. Computer invoicing, statements and stock control. Enquiries to: A. M. O. Bird, Receiver and Manager, Thornton Baker, Refuge Assurance House, Baldwin Street, Bristol BS1 1SQ. Tel: Bristol 29901.

OFFICE SUPPLIES AND EQUIPMENT COMPANY

Current turnover at the rate of £¼m per annum and profitable. Multiple outlets and modern premises and run by professional management. Net assets £100,000—offers sought in excess of this figure.

Principals only to Box G5831, Financial Times, 10 Cannon Street, EC4P 4BY.

ELECTRO-PLATING BUSINESS
AUTOMATIC AND HAND LINES

For Nickel/Chrome and Zinc finishes. Well placed for M3 and M4 Motorways. Very good factory and office accommodation.

Price around £225,000

Write Box G.5840, Financial Times, 10, Cannon Street. EC4P 4BY

UNIQUE OPPORTUNITY

A unique opportunity exists for an individual or group of individuals to acquire their own furniture manufacturing company with good potential. Substantial financial help on attractive terms could be made available to suitable persons if required. *Write Box G5843, Financial Times, 10 Cannon Street, EC4P 4BY.*

Confectionery Company

IN THE EEC

FOR DISPOSAL

Turnover in excess of £3 million, with substantial freehold property. The business has suffered reverses in the past few years, but has now been fully reorganised and profits in excess of £100,000 are anticipated for 1980. The vendors require £200,000 for approximately 90% of the business and a working capital injection of around £200,000 will also be required.

Principals only should apply to:
Box G5829, Financial Times,
10 Cannon Street, EC4P 4BY.

DIVERCO Limited

FOR SALE

WELL ESTABLISHED HIGHLY SUCCESSFUL FRANCHISE BUSINESS

Unique application including fire retardent.

27 licenced UK operators.

Substantial planned expansion.

4, BANK STREET
WORCESTER WR1 2EW

Telephone: 0905 21669 · 23301

FOR SALE

WHOLESALE STATIONARY BUSINESS

TURNOVER £400,000 P.A. SOUTH EAST ENGLAND

This profitable business is part of a major group but does not fit in with long term strategy. Price for the business will be around £75,000 plus s.a.v. Interested parties, principals only should write to:

Box G.5844, Financial Times, 10, Cannon Street, EC4P 4BY.

Travel Agncy for Sale

West End site. IATA, ABTA. Turnover in excess of £1m p.a. Business House traffic.

PRICE £125,000

Write Box G5826, Financial Times, 10 Cannon Street, EC4P 4BY.

THE CANADIAN HUNTER FREEHOUSE

Opposite Warwick Castle

Detached "Black & White." Bars/Restaurant complex for sale by Public Auction June 11th.

Auctioneers:

Sidney Phillips & Son

Hereford (0432) 58181

RETAIL FORD FRANCHISE

Busy South West Devon town. Old-established company. Turnover £600,000 p.a. Substantial premises main thoroughfare, Forecourt, Showrooms, Workshops, Body Shop, Stores, new M.O.T. test facilities. Ample parking. Possible development site subject to planning. £285,000. Sale due to ill health. *Write Box G5841, Financial Times, 10 Cannon Street, EC4P 4BY.*

Small profitable

PRIVATE COMPANY

for sale as a going concern—or for rental (or sale) of building. Location North London. Freehold warehouse and offices. Area approximately 3,300 sq ft. Average annual turnover £174,000 (last 3 years). Staff: 8 staff plus small outwork organisation also available. *Write Box G5842, Financial Times, 10 Cannon Street, EC4P 4BY.*

SPORTS GOODS BUSINESS

Long-established sports goods retailing business for sale based in Central Glasgow with a turnover of £150,000. Useful contracts held with potential for expansion. Leasehold premises. Stock relief tax advantages. Various means of purchase available.

Phone: 041-332 3188.

SHIPPING COMPANY for sale. Tax losses (trading) approximately £180,000. Write Box G.5827, Financial Times, 10, Cannon Street, EC4P 4BY.

MOTOR CARAVAN RENTAL BUSINESS for sale. Excellent opportunity for company wishing to enter the Leisure/Tourist Industry. Prominent site in Wembley, workshop space available. For details phone Jon Blowers on 01-903 7165.

BY THE Direction of the Receivers and Managers Palate Manufacturing Business, West Midlands, substantial modern premises, freehold and long leasehold, established workforce, *full range of plant* and equipment. Ref. DL/RAB. Grimley & Son, 2, St. Philip's Place, Birmingham 3 2QQ. Tel: 021-236 8236.

PLANT AND MACHINERY

HAEUSLER VRM-HY

10′ x 4″ ROLLER

PLATE BENDING MACHINE

Brand new available for immediate delivery for plate specification up to 420/N m² up to 5 inch cold 7 inch at 750° C.

Ref: DL/LG.B

GRIMLEY AND SON

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Tel: 021 236 8236

BUSINESSES WANTED

We are seeking on behalf of a substantial group,

COMPANIES ENGAGED IN THE MANUFACTURE AND/OR INSTALLATION OF PORTABLE BUILDINGS

Replies, which will be treated in strict confidence, should be addressed to:

The Managing Director
ST. MICHAELS SECURITIES LIMITED
PO Box 30
Cresta House
Alma Street
Luton, Beds. LU1 2PZ

WANTED
FINANCIAL SERVICES COMPANY

Our clients wish to buy a reputable financial services/investment company established prior to 1970. Employees or assets not essential. Will consider a subsidiary of a bank or an investment-related company.

Enquiries to:

BRINKLEY FINANCE LTD.,
44 Conduit St., London W1R 9FB. Tel: 01-437 7131

LIGHT ENGINEERING

Manufacturer based near High Wycombe has £150,000 for acquisition or controlling interest in a company in similar or allied enterprise. Preference will be given to a company with marketable product(s) rather than sub-contractors but any proposition will be considered.

Write Box G5833, Financial Times, 10 Cannon Street, EC4P 4BY.

International Courier Business Required

International transport group requires to purchase as part of their planned expansion a Courier Company based in the UK. Must have existing world-wide business and contacts.

Please write with brief details to: Box G5838, Financial Times, 10 Cannon Street, EC4P 4BY.

BUSINESSES FOR SALE AND
BUSINESSES WANTED APPEAR EVERY FRIDAY

WANTED
INTERNATIONAL TRADING COMPANY

Private Trading Company with substantial liquid funds seeking e base for solid expansion.

Company we seek must have following profile:

— London based, specialised preferably in soft commodities.
— Good profit record.
— Strong existing management team.
— Extensive trading activity with Third World countries.
— Either interested in outright sale/or sale of majority interest.

Please write in strict confidence to Box G5839, Financial Times, 10 Cannon Street, EC4P 4BY.

ELECTRONIC CONTROLS IN THE E.E.C.

Expanding U.K. manufacturer of Industrial Electronic Controls seeks to acquire or jointly develop a company to manufacture and market A.C./D.C. Thyristor Drives within the E.E.C. Must be able to contribute positive marketing or development qualities.

Principals only with full particulars in strictest confidence to: Box G.5825, Financial Times, 10, Cannon Street, EC4P 4BY

PRIVATE CONTINENTAL GROUP
SEEKS U.K. ACQUISITION
WITH AN ANNUAL TURNOVER OF £10 MILLION OR HIGHER

Acquisition should supply equipment to offices, plants, buildings, e.g., security, fire protection, lifts, word processors or other . . . that need after sales maintenance and servicing.

Will consider break-even or unprofitable operations.

Write Box G.5814, Financial Times, 10, Cannon Street, EC4P 4BY

DISCONTINUED PRODUCT LINES required for plastic and sheet metal items primarily for domestic durable use, but other markets considered. Lingard Industrial Holdings Ltd., 6, Westminster Road, Wareham, Dorset BH20 4SP. T. (09295) 6311.

LONDON-BASED Food Importers and Wholesalers wish to acquire allied or similar company to facilitate expansion of present operation. Interested parties should supply maximum detail to Box G.5828, Financial Times, 10, Cannon Street, EC4P 4BY.

BUSINESSES FOR SALE/WANTED

Appears every Friday

Contract:
DIANE STEWARD
01-248 5284

Die making Business required

A UK public company seeks to acquire or take a controlling interest in a business involved in the production of Dies for Gravity Die-casting.

The business should have a modern toolroom capable of producing quality dies to an exacting standard, employ about 15 toolmakers and have facilities for expansion.

The West Midlands is the preferred location but facilities in the South or South-West would be of interest.

Write Box G5810, Financial Times, 10 Cannon Street, EC4P 4BY.

WANTED

A PROFITABLE BUSINESS

Chartered Accountant starting up in commerce wishes to purchase or to take a share interest in a profitable business with growth potential and profits in excess of £50,000 p.a. *Present management to remain and participate.*

Details in strict confidence to:
C. V. M. Latham, M.A., F.C.A.,
21 Sutton Court Road,
Sutton, Surrey SM1 4SZ.

GROUP SEEKING EXPANSION

within the marine industry wishes opportunities to purchase companies in this or closely allied fields. Write fully including details of any manufacturing facilities to:

Box G5489, Financial Times, 10 Cannon Street, EC4P 4BY.

APPOINTMENTS

Senior changes at Boddingtons

BODDINGTONS' BREWERIES state that Mr. P. John M. Boddington will retire as joint managing director on September 30, but will remain on the board. Mr. Ewart A. Boddington will remain chairman and managing director, and Mr. Hubert V. Reid is to be appointed assistant managing director from October 1. Mr. Maurice D. FitzGerald, director and company secretary, is resigning both posts on November 30. Mr. Stewart D. Shears, assistant secretary, is to be appointed company secretary as from December 1.

★

Mr. E. T. Butler, chairman of WOODHEAD MANUFACTURING, retired on March 31, after 34 years with the Jonas Woodhead Group. He has also resigned as a director of the holding company, Jonas Woodhead and Sons, Leeds. Mr. A. A. Glyna, director and general manager, has become chairman of Woodhead Manufacturing and a director of Jonas Woodhead. Owing to ill health, Mr. G. W. Stainthorpe, industrial relations director of Woodhead Manufacturing, retired at the end of April. Industrial relations matters in the company are now the responsibility of Mr. A. J. Womersley.

★

Mr. H. K. Annett has ceased to be senior representative of CREDIT COMMERCIAL DE FRANCE, London, and Mr. M. de Guillebon has become sole representative. Mr. Annett will concentrate on his duties at the international department of the bank in Paris until his retirement on July 31.

★

Mr. W. G. Todd, treasurer at Esso Italiana SPA, is to become treasurer of the ESSO PETROLEUM COMPANY on May 27. This appointment follows the election of Mr. D. St. J. McDermott to the board of Esso Nederland BV.

★

Mr. Robert White has been appointed deputy chairman of BLUNDELL - PERMOGLAZE HOLDINGS.

★

Mr. A. L. H. Poulton has been appointed to the board of FRENCH KIER CONSTRUCTION.

★

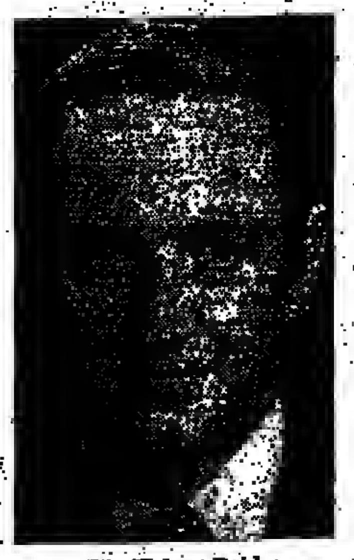
MR. ALAN WALMSLEY has been appointed deputy regional general manager of the Central London (West) regional head office of LLOYDS BANK.

★

Mr. Theodore C. Rodgers has been appointed president and chief operating officer of NL INDUSTRIES.

★

Mr. Gerard Troncin has been elected a senior vice-president of A. G. BECKER INCORPORATED, a New York-based investment securities firm. Mr. Troncin has also been made president of A. G. Becker International, a newly formed division of Becker that will be responsible for conducting the firm's international securities distribution and trading activities. In addition to his responsibilities with A. G. Becker International, he will serve as a managing director of Warburg Paribas Becker Incorporated, the international investment banking arm of the firm.



Mr. Hubert Reid

★

Mr. David Millar has been appointed financial director of PATERSON'S SCOTTISH SHORTBREAD in succession to Mr. Andrew Dobson, who has become a non-executive director. Paterson is part of the speciality food division of Geo. Bassett Holdings.

★

AUTOMOTIVE PRODUCTS has appointed Mr. David Wright as director and general manager, automotive division, and Mr. Adrian Potter has become sales director of that division. In the company's parts and service division, Mr. Gordon Brace has been made operations director and Mr. John Soldan, sales director, vehicle manufacturers and UK trade.

★

Mr. H. F. Cameron has resigned from the board of APPLEYARD GROUP having reached retirement age.

★

Mr. William Berry will succeed Mr. John G. Wallace as chairman of McNEILL PEARSON, merchant bankers, Edinburgh, from July 1. Mr. Wallace will remain on the board.

★

Dr. David Smith is to join BRITISH PETROLEUM'S Sunbury research centre in September on a three-year secondment from the University of Leicester.

★

Expansion of DANKS GOWERTON has been such that the board considers it necessary to separate the functions of chairman and managing director of the engineering division. The chairmanship has become a non-executive appointment and the first chairman is Mr. L. F. Robinson, who is already a non-executive director of the parent company. This releases Mr. J. E. Wheeler from any other responsibilities than that of managing director.

★

Mr. Alan G. Skinner has joined CLAYBROOK COMPUTING, a subsidiary of Clay and Partners, as director of marketing.

★

Mr. Michael F. Geary has been appointed managing director of BUNZL ADHESIVE MATERIALS (IRELAND), a subsidiary of the Bunzl Pulp and Paper Group, where he will be responsible for implementing a major capital investment programme and plant reorganisation aimed at the modernisation and streamlining of production.

★

Dr. Christopher Wells and Mr. James Bristow have been appointed to the board of CHARLES WELLS as non-executive directors.

★

Mr. Michael H. Coned has been appointed a director of HICKING PENTECOST AND CO. and becomes responsible for the knitwear division in succession to Mr. T. J. Duffy.

★

Mr. Diarmuid Moore, banking director, Allied Irish Investment Bank, has been appointed head of the new international division to be set up by ALLIED IRISH BANKS. The international division will be responsible for the implementation of AIB Group's international business development programme.

★

Mr. Terry Druce has been appointed FINANCIAL TIMES circulation sales manager. Mr. Druce returns from Frankfurt where, for the past 18 months, he has been in charge of circulation sales for the Financial Times in Europe.

★

Mr. Alex Barnard, managing director of KCA Drilling, has been appointed a main board director of KCA INTERNATIONAL.

Spanish Stock Exchange prices

May 8	Price %	+ or −
Banco Bilbao	204	−1
Banco Central	217	
Banco Exterior	206	
Banco Hispano	201	−1
Banco Ind. Cat.	122	−1
Banco Madrid	141	
Banco Santander	237	−2
Banco Urquijo	140	
Banco Vizcaya	209	−1
Banco Zaragoza	200	
Dragados	81	+4
Espanola Zinc	62	
Fecsa	59.2	−0.3
Gal. Preciados	26	
Hidrola	64.7	
Iberduero	59	+0.3
Petroleos	101	−0.5
Petroliber	59	
Sogefisa	107	
Telefonica	52	−0.5
Union Elect.	64.7	−1.0

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI

E. N. I.

(National Hydrocarbons Authority)

6¾% Sinking Fund Debentures due June 1, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on June 1, 1980 at the principal amount thereof $697,000 principal principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. $1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits:

16 21 34 42 83

Also Debentures of $1,000 Each of Prefix "M" Bearing the Following Serial Numbers:

1350 3450 4450 5150 5350 5650 6650 7350 8050 8750 9950 12150 12350

On June 1, 1980, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of **Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015**, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg-Ville.

Debentures surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due June 1, 1980 should be detached and collected in the usual manner.

From and after June 1, 1980 interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI
By: MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, *Fiscal Agent*

April 29, 1980

NOTICE

The following Debentures previously called for redemption have not yet been presented for payment:

DEBENTURES OF U.S. $1,000 EACH

M 593 15846 17646 17837 17848 27887 27893

CompAir

U.S. Dollar 8½% Convertible Bonds Due 1987

At an adjourned Meeting of the holders of the 8½% Convertible Bonds Due 1987 ("the Bonds") of CompAir Limited duly convened and held on 6th May, 1980, an Extraordinary Resolution was duly passed sanctioning the cancellation of the Bonds and the Coupons upon terms that Bondholders should receive from Imperial Continental Gas Association ("the Association"):–

£714.41 in cash for each $1,000 Bond

Alternatively, any Bondholder who duly lodges a Form of Election and surrenders his Bonds at any of the offices of the Paying Agents specified on the Bonds (from whom such Forms are available) before the close of business on 30th May, 1980, may receive, instead of £714.41 in cash, £340 nominal of 8 per cent. Convertible Unsecured Loan Stock 1995/2000 of the Association and £374.41 in cash.

Bondholders should surrender their Bonds at any of the offices of the Paying Agents specified on the Bonds at any time after 12 noon on 8th May, 1980 and not later than 30th June, 1980. Upon surrender of Bonds, payment will be made in accordance with the terms of the Extraordinary Resolution (copies of which are available from the offices of the Paying Agents).

SIERRA LEONE

His Excellency, Dr. Siaka Stevens, President of Sierra Leone

Sierra Leone, referred to during the first half of this century as "the Athens of Africa", and later as "the Land of Diamonds" will attract world attention in June/July this year as she plays host to the forty-nine member nations of the Organisation of African Unity (OAU) in its capital city of Freetown.

POSITION ON THE WORLD MAP:

Sierra Leone is situated on the bulge of the West Coast of Africa, between latitudes 7° and 10° North and longitudes 10° and 13° West. It shares a common border with the Peoples Revolutionary Republic of Guinea on the North East, North and North West and with Liberia on the South West. On the South Eastern border is the Atlantic. This sea coast covers some 212 miles extending from the boundary of the Republic of Guinea to the North of the mouth of the Great Scarcies River, to the boundary of Liberia at the month of the Mano River.

The country covers an area of 27,925 sq. miles (73,326 sq. km). From the coast, the Northern portinn extends inland into low-lying tidal swampland which provides some of the finest rice growing land in the country. As one progresses eastwards, relatively low lying land on the coastal belt gives way to rolling hills, and the land in general becomes higher. The North-Eastern quadrant of the country is e plateau approximately 3,000 feet high with mountain peaks rising to a beight of over 6,000 feet in the Loma Mountains and Tingi Hills areas.

For administrative purposes, the country is divided into thrae Provinces (see table below) and the Western Area.

Province	Area	Population	Headquarters	Distance from Freetown
Northern	13,923	1,046,000	Makeni	114 miles
Southern	7,868	196,000	Bo	151 miles
Eastern	5,876	776,000	Kenema	192 miles

The Western Area which makes up an area nf 261.1 sq. miles consists of the Sierra Leona Peninsular, on which the capital and main commercial centre—Freetown—stands, the surrounding villages of Kissy, Wellington, Wilberforce, Murray Town, Aberdeen, Lumley, Hill Station and Mount Aureol. It rises in places to 3,000 feet above sea level, and is one of the few parts on the West African Coast in which there is such bigh land so near the sea.

Freetown is also the principal port through which most exports and imports pass. Its position as one of the most westerly parts of Africa gives it considerable importance in inter-continental as well as inter-African Trade.

Freetown bas e City Council beaded by a Mayor.

POPULATION:

The population of Sierra Leone, according to the 1974 census is 3 million, consisting of more than fifteen tribes. The principal people are the Temnes, Lokos, Korankos and Limbas in the North and Central regions; the Mendes who mostly populate the South and the Kissis and Konos in the East. Freetown is a botch-potch of several tribes but is mostly populated by the Creoles. There is also a fair size settlement of people of non-negro descent, mainly people of Lebanese and Middle Eastern origins. A good many nf them are citizens of Sierra Leone, deriving their citizenship from their mothers by virtue of the Sierra Leone Citizenship Act.

CLIMATE:

Sierra Leone experiences very marked alternations between wet and dry seasons. The rainy season is from May through October with the most rain falling in the months of July and August.

The highest annual rainfall is in the Coastal regions—Freetown averaging about 150" per year. In most of the hinterland the averaga is about 100" per year.

The average temperature is about 80°F (27°C) all the year round. The coolest areas ere in the North-East of the country in the Loma and Tingi Mountains. The hottest areas are in the North-Central interior plains. The harmattan, a cool dry wind from the Sahara, is prevalent between December and Jannary.

FOREIGN POLICY

Sierra Leone's foreign policy is based on the principle of non-alignment—a policy she has always maintained since independence in 1961. She is a member of the United Nations Organisation and of the Commonwealth and was a signatnry to the Charter of the Organisation of African Unity. She is also a member of the United Nations Economic Community for Africa (UNECA).

The country's positien in the 'bloc' struggle is friendliness to all states, respect for their sovereignty and territorial integrity and non-interference in their internal affairs.

In the implementation of these principles, she gives fullest support tn the United Nations, the Commonwealth, the OAU and other international organisations in their effort to bring about a world free of war, poverty, disease, ignorance and injustice. She was one of the observer countries appointed by the Commonwealth Secretariat to ensure free and fair electinns in Zimbabwe. She recently announced her intention to give full support to the rehabilitation efforts of independent Zimbabwe, enhance its march towards economic stability and provide assistance on e bilateral basis.

In spite of her small size and limited resources, she wields tremendons influence both in the United Nations and the OAU. She has served on the Economic and Social Council, the Security Council and on several special committees including the Committee on Peace Keeping Operations.

She is firm on her stand on the peaceful use of nuter space, and disarmament.

At the request of the OAU, Sierra Leone was host to an Adhoc Mediation Commission beld in Freetown in December 1977 to look into the dispnte between Sudan and Ethiopia with tha aim of bringing bostilities between the two states to an end. This meeting which was chaired by Sierra Leone's Fnreign Minister went a lnng way towards lessening the tension which up till then existed between the two states. A fnllow-np meeting was bald in Freetown in February 1979 to normalise relations between the two states. The Heads of State of Sudan and Ethiopia took part in the deliberations.

The country's President, Dr. Siaka Stevens, is currently one of the five Vice-Chairmen of the OAU and will take over the Chairmanship during the OAU Summit in Freetown in July.

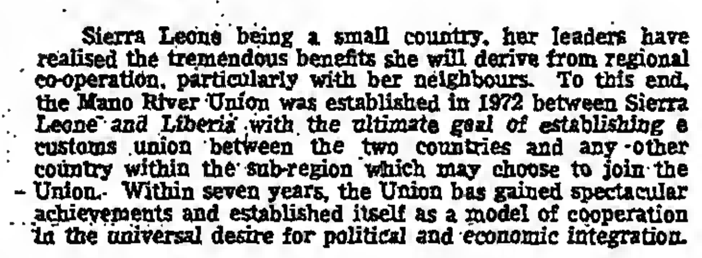
Sierra Leone is also a member of the African, Caribbean and Pacific States (ACP), the group nf third world countries in tha EEC-ACP-Lome Convention. Under the terms of this convention, the country has benefited from the STABEX system in respect nf loss of revenne from her iron ore mines which closed down in October, 1975, and has received substantial aid from the EEC for several development prnjects.

To give meaning to ber policy of neotrality and non-alignment, Sierra Leone's representation abrnad is diversified. Missions have been established in several countries in key areas in the five continents including the Peoples Republic of China, Russia, the U.S., Belgium and Sandi Arabia. She is now represented by a total nf eightean High Commissions and Embassies, a number of consulates in addition to ber permanent mission to the U.N.

Develnpment assistance from friendly countries and from international and regional institutions, notably the Wnrld Bank, the African Development Bank and the Agencies of the United Nations continne to make considerable contributions to her economic progress.

REGIONAL COOPERATION:

Sierra Leone being a small country, her leaders have realised the tremendous benefits she will derive from regional co-operation, particularly with ber neighbours. To this end, the Mano River Union was established in 1972 between Sierra Leone and Liberia with the ultimate goal of establishing e customs union between the two countries and any other country within the sub-region which may choose to join the Union. Within seven years, the Union bas gained spectacular achievements and established itself as a model of cooperation in the universal desire for political and economic integration.



The Mano River Bridge

Guinea has recently joined the Union as an nbserver. Its adherence to full membership is presently being worked nut, and it is expectad that it will attain full membership during the Union's seventh anniversary celebrations in October.

This sub-regional cooperation is expected to bring tremendnus benefits to the peoples of the three countries. Tha first phase of the establishment of the Union involved the formulation and introduction of concrete measures designed tn sustain mutual trade as well as to create greater complementarity in the structures of production and demand in the member states.

Intra-union trade is scheduled to commence between the twn countries on the 1st July, 1980. According to the arrangement, agricultural products and livestock, natural resources and products of bunting or fishing have assumed free trade status from one member state to another. Some one hundred items of both member states have been listed under the duty-free zone.

With Guinea acceding to the Union, the threa states will constitute the ideal economic block for fulfiling the purpose of the Mano River Declaration in terms not only of providing a large and viable regional market to take advantage of the possibilities of large-scale prodnction, and of realising in full measure the advantages of economies of scale, but also in terms of providing greater opportunities for the joint mobilisation of scarce materials, financial and human resources required for developing such basic industries like iron and steel, pulp and paper, textiles, natural and synthetic rubber, plastic, glass, leather, industrial chemicals, wood products and food processing, as well as in developing extra regional markets.

Sierra Leone is also a member of the Economic Community of West African States (ECOWAS) and has given every encouragement to its development.

She is a member of several other sub-regional organisations including the Federation nf West African Chambers of Commerce, West African Conference of Surgeons, Flight Information Region—an air traffic arrangement between Guinea, Liberie and Sierra Leone with headquarters in Monrovia; West African Insurance Consultative Association etc., and holds several bilateral agreements with states in the sub-region. The benefits of ber association with other countries in the region could be seen in terms of more efficient use of resources and provide e better bargaining position for the sub-region in international organisations.

THE NATIONAL ECONOMY

Like many developing countries, Sierra Leone has a dual economy. Tha non-monetised sector consists largely of subsistence agriculture which accounts fnr nver 70 per cent of the labour force. The mnnetised sector is dominated by the Mining Industry, Diamond and Bauxite being the predominant minerals.

The Gross Domestic Prodnct (GDP) at factor cost in 1976/77 was Le667.2 milion rising to Le728.8 million in 1977/1978 indicating a growth rate of 1% per annum during this perind.

The economic activities of the country over the last ten years have shown that Sierra Leone has an open developing economy. Its economic growth rate has been largely determined by the fluctuating external demand for her primary prodncts.

The close relationship between the GDP and exports in Sierra Leone is explained by the fact that Government receipts, domestic income and the availability of Foreign Exchange to import capital goods are all highly dependent on export earnings.

The country's economy revolves around tha agricultural sector, mining, commerce and industry and more recently tourism. In 1976/77 the gross domestic product (GDP) of Le667.2 million was made up largely of agriculture, forestry and fishing Le263.9 million nr 39.9%, followed by wholesale and retail trade, and hotels and restaurants Le88.6 million or 13.4% and transport and communications Le71.1 million nr 10.7%. Manufacturing, industry, and bandicraft only contribnted Le35.4 million or 5.4% to the GDP.

A significant feature of the economy is the mining sector particularly with regard to foreign trade. The principal mining activities centred around iron ore, diamonds and bauxite until 1975 when the iron ore mines at Marampa were closed down. In 1976/77 the mining sector contributed Le67.7 million or 10.2% to the GDP. This was largely contributed by diamond mining. In the same year, of the total export bill of Le147,650,000, mining accounted fnr Le70,875,000 or 48%. The total valna of diamonds exported was Le62,989,000 or 42% of all exports and 88.8% of all minerals exports.

A large proportion of the economic activity is contribnted outside the modern sector and in the urban infnrmal sector. Again in 1976/77, the non-monetary sector share in the GDP was Le200.6 million or 30.3%. This was made up largely of agricultural production, Le183.4 millinn or 91.4%. Ownership of dwellings accounted for the remaining 8.6%.

The economic trend for the period 1977/78 to 1978/79 indicated a recovery from the serious depression nf 1974/75.

In real terms, the econnmy grew by 3.3% between 1976/77 and 1977/78. This improvement was due largely to the increase in the world prices for cash crop exports, although the slow reaction of supply in the agricultural sector to the change in prices did not allow the country to take full advantage of the price increase.

The contribntion of the mining sector to the economy in 1977/78 and 7978/79 continned to decline. The full effects nf this structural change in tha economy has howevar been dampaned by tha unprecedented rise in the value of daimonds late in 1978.

TRADE COMMERCE AND INDUSTRY

A favourable trade balance is the backbone and source of economic development in any country. To this end, tha Government continues to encourage the development and expansion of trade generally, so as to maintain such a balance for the enhancement of economic self-sufficiency. With a policy of "increasing exports and reducing the value of imports by import substitntion with a view to achieving favourable balance of trade", the Government's trade balance was encouraging in the early 1970's.

Unhappily, however, since 1973 this policy has been continguingly hampered by numerous forces beyond Government control. Soaring prices of commodities all over the world including oil, the bug-bear on the economies of developing countries, bas tremendously affected the trade figures as the Government has had tn pay more for the same volume of commodities than was paid the previous year.

Added to this, the nation has had to rely increasingly upon imports to satisfy local requirements of its staple fnod rice which has suffered bad harvests in the last two years due to early rains and an invasion of army worms. The recourse to short-term credits in recent years to finance imports has also imposed additional pressures on the balance of payments.

The Government is fully aware of these difficulties. Within the scope of its power and means and with the support of the people, friendly governments and international financial institutions, the Government continues to find ways and means of restoring a sustained and balanced growth of the economy.

Measures to ease the pressure on the balance of payments include the tightening of import controls first introduced towards the end of 1975; the delinking of the leone from the pound sterling and linking it to the Special Drawing Rights of the IMF in 1978; the revision of producer prices to stimulate prodnction and raise export earnings, the introduction nf an Export Credit Guarantee Scheme with a view to providing guaranteed assistance to exports in regard to their pre-shipment finances; and increasing rice production to reduce huge quantities of imports. The Government has also been negotiating with the Paris Clnb of Creditors to grant debt reliefs to ease the country's balance of payments. The IMF, under a Stand-by Agreement—also provided balance of payment supports in 1979, while the United Kingdom agreed to grant dabt relief amounting to nearly Le20 million.

Since the Sierra Leone Development Act of 1960, several manufacturing industries have been established, and these are making worth-while contributions to the ecnnomy.

The Sierra Leone Development Act outlines the concessions that can be obtained by prospective investors, and provides for the granting of development certificates to companies engaged in manufacturing prodncts that are of importance to tha economy, particularly those that would reduce the flow of valuable foreign exchange.

Government's industrial policy is aimed et encouraging rapid davelopment of industries especially thosa which will utilise raw materials and indirectly create useful empolyment for the people in the rural areas. Towards this end, there are special generous tax concessions as investment incentives.

Industries established now number about forty and these include plastic footwear, knitted garments, tinned fruits, juices and jams, cane sugar, suitcases, metal assembly, wheat flour, perfumes and pomades, soap, diamond polishing, fisheries, beer, distilled spirits, confectionery, paints, petroleum, cosmetics, pulp and paper, and high quality office and household furniture.

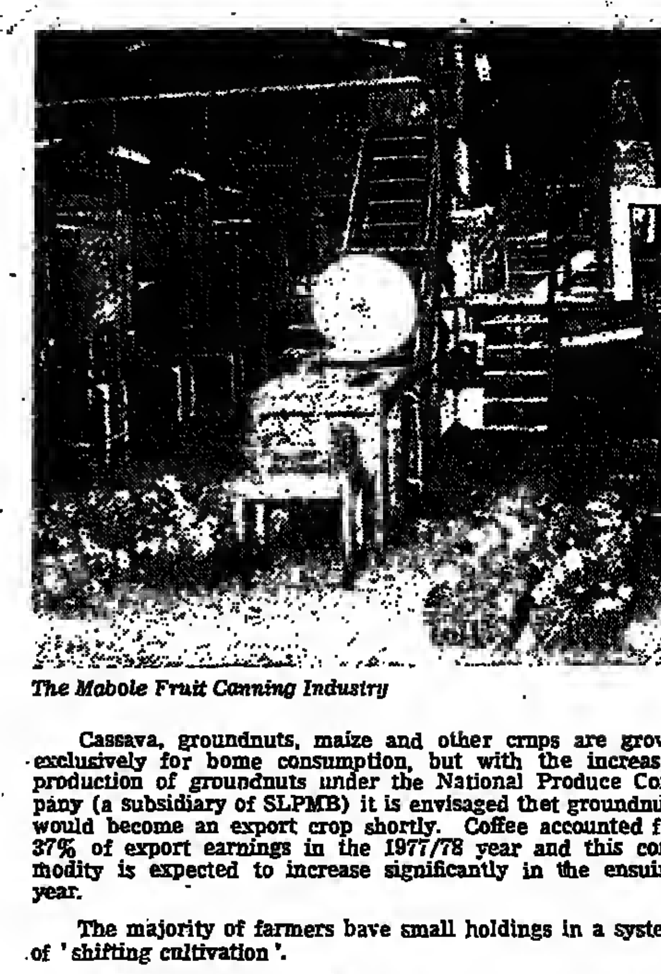
There are two large palm mills at Daru and Mattru Jong which press palm oil and several pilot mills operated by SLPMB. The palm Kernel Oil Mill processes a proportion of the country's palm kernel prodnction into palm kernel oil and cake. It is at present operating at half capacity but when fully operative, it will be able to process abont 30,000 tons palm kernel per year for e yield of 14,000 tons palm kernel oil, and almost 16,000 tons of cake.

AGRICULTURE:

Although Sierra Leone's agriculture is reletively underdeveloped it constitutes the most important sector of the economy. It provides a livelihood for over 75% of the population, and contribntes abont 30% of the GDP.

Until the era of rapid expansion of Sierra Leone's mineral resources in the early 1950's, agriculture, in addition to being the main activity of the population, provided the most lucrative part of the country's exports. The Government now intends that agriculture should regain its former importance in order to reduce tha present reliance on diamond mining and to ensure higher living standards for farmers and their families.

The major crops grown are rice, cocoa, coffee, groundnuts, cassava, ginger, maize, some varieties of vegetables and benniseed. Millet is an important minor crop in some areas of the country. Rice, the staple food, is the most important single crop, accounting for 62% of the land under cultivation and the occupetion of abont 81% of farmers in all parts of tha country. It is not currently exported bu the Government plans to develop it to the extent of self-sufficiency in the near future.



The Mabole Fruit Canning Industry

Cassava, groundnuts, maize and other crnps are grown exclusively for bome consumption, but with the increased production of groundnuts under the National Produce Company (a subsidiary of SLPMB) it is envisaged thet groundnuts would become an export crop shortly. Coffee accounted for 37% of export earnings in the 1977/78 year and this commodity is expected to increase significantly in the ensuing year.

The majority of farmers bave small holdings in a system of 'shifting cultivation'.

Large-scale type farming is a fairly recent development, and the few that are established are Government or quasi-Government owned, and are confined to crops which require expensive machinery and timely processing; e.g. Torma Bum Rice Development Project; the Sierra Leone Agricultural Product Company (SLAPCO) for increased prodnction of cocoa and coffee; National Produce Company (NAPCO) for increased production of groundnuts, chillies, and ginger; and the Sugar Cane Project.

Conscious of the complicated nature of the problems of farmers, the Government attaches great importance to the integrated approach to agricultural development. This approach offers "package deals" to the farmers, inclnding extension and training, credit, infrastructure and marketing facilities. This system has been introduced in all agricultural areas in the Provinces.

Livestock, pig and poultry production are also important agricultural activities. The country's livestock consist of cattle, goats and sheep, concentrated in the savannah areas in the North-East.

Other areas with great potentials but which have received little emphasis are Fishing and Forestry.

MINING

Sierra Leone is very rich in mineral resources and derives e substantial part of its revenue from the mining nf minerals, most important of which is diamond. Mineral exports contribute about 70% of total exports, diamonds accounting for about 60%.

Sierra Leone's mining history dates back to the early 1930's when the Consolidated African Selection Trust—the parent Company of the former Sierra Leone Selection Trust—undertook mining operations in the North-Eastern Province of Sierra Leone in the Kono District.

The Sierra Leone Selection Trust was granted a monopoly to mine diamonds in the country in 1935. This gave the company the exclusive right to prospect for, produce and market diamonds.

In 1955, by agreement with tha Government, this monopoly was withdrawn and the company was requested to define two mining leases in the Kono and Kenema Districts, Yengema and Tongo respectively. This was thought necessary due to the upsurge of illicit diamond mining at that time.

In 1970 the Government acquired through negotiatinns with SLST a 51% majority interest in the diamond mining operations.

Consequently the National Diemond Mining Company (Sierra Leone) Limited or 'DIMINCO' was fnrmed to mine diamonds within the Yengema and Tongo Mining leases.

Open cast mining by Dragline machines is the mining method practised, and on average some thirteen different mining sites are operating simultaneously throughout the two leases.

Over the lest few years, it hae been discovered that allnvial mining is no longer as productive as before and that production by DIMINCO is dwindliog. Production declined from 435,491 carats in 1976/77 to 380,690 carats in 1977/78 to 305,600 carats in 1978/79. The company, however, bopes to emberk on Kimberlite Mining in the not-too-distant future and this is expected tn give a longer lease of life to the mines.

The Government has taken positive steps to contain smuggling by reducing the export duty on large gem stones (weighing 14.8 carats and over from 7½% to 2½%).

This move by tbe Government, coupled with the impact of high price movements in the diamond trade in the world market resulted in an increase in diamnnd exports from Le101.3 million in 1977/78 to Le117 million in 1979.

The Sierra Leone Ore aod Metal Company (SIEROMCO) owned by the Swiss Consortium, ALUSUISSE has been mining bauxite in Siarra Leone since 1983.

Exports of bauxite virtually remained on the same level of 673,000 metric tons in 1977/78 and 1978/79. The value however rose from Le6.6 million in 1977/78 to Le10.8 million in 1978/79 as a result of higher prices obtained in the world market.

Alluvial Diamond Mining

...RA LEONE

The Rutile Processing Plant

The decline in volume of mineral production has continued for 1979/80 but the maintenance of high prices has continued to shield the economy from the full effects of falling peoduction.

The Government is presently engaged in negotiations with Alusuisse for the Port Loko Bauxite deposit and the establishment of an alumina plant.

Until 1975, Iron Ore was mined in Sierra Leone, and was the country's second largest foreign exchange earner.

The Icon Ore Company—DELCO—ceased operations in October of tbat year and closed down due to reasons which were described as "technical."

In Marcb "Austro-Mineral", a mining subsidiary of Austria's state owned Iron and Steel Industry signed a management contract with Government to rehabilitate the Iron Ore mines within the next three months. The new company is expected to be 100% government owned and Austro-Mineral will act as mansger and sales agant on competitive market conditions.

The rutile mining company, Sierra Rutile Limited, started peoduction in March 1979 after a lull of five years and the first shipment of 7,000 tons was exported in November 1979. The company which took over the lease area formerly held by Sherbro Minerals, which pulled out in 1971, has constructed a new dredga and wet processing plant, and production capacity is put at 100,000 tons per annum.

Approximately $60 million have been invested in the company by the parent body, Bethlehem Corporation, and Nord Resources. Some of this amount also represents loans from the U.S. Government, EXIM Bank and other financial houses.

Sierra Leone Is a member of the International Bauxite Association (IBA) and the Association of Iron Ore Exporting Countries. She is thus able to co-operate with other mineral prodncers to optimise the benefits derived from her mineral resources.

FOREIGN TRADE

Foreign Trade plays an Important part in Sierra Leone's economy. The country's exports are mainly raw materials with the mining sector claiming the lion's share of about 78.4% of the total value of exports, diamonds alone accounting for 61.8% of this total. The sbare of agriculture in the total value of exports is about 21.6%.

Exports consists of seven commodities; diamonds, bauxite, rutile, palm kernels, cocoa, coffee and ginger.

The Sierra Leone Produce Marketing Board (SLPMB) is the statutory Agency with the sole monopoly for the marketing of export crops and fixing producer prices. It buys produce from farmers at fixed prices each buying season and then sells in overseas markets at the best prices, obtaining at the time.

In years of buoyant prices, the Board tends to accumulate surpluses which in turn are used to support prices paid to farmers during periods of depression on the world market commodity fixtures.

This high concentration of exports makes the economy highly dependent on the prices dictated by the foreign buyer which is determined by the principle of supply and demand existing at the time of commodity trading.

Periods of declining export receipts such as 1965/66-1967/68 and 1970/71-1971/72 and 1977/78 were periods of economic stagnation, while a period of rapid increasing exports such as 1967/68-1969/70 was also a period of rapid economic growth. Similarly, the commodity price boom which started in 1976 and continued through the first balf of 1977 gave a great boost to earnings in the agricultural sector thereby easing the strain on the balance of payments for the period 1976/77.

Total exports for 1978 amounted to Le158.2 million, while imports were in the region of Le290.8 million (f.o.b.), resulting in a Trade Deficit of Le132.6 million.

Sierra Leone is a large importer not only of intermediste goods (raw materials used in the production of final out-put) and capital goods but also of consumer goods. In 1979 imports consisted of manufactured goods, food, machinery and transport equipment, miscellaneous manufactures, fuel and lubricants, chemicals, beverages and tobacco, and crude materials.

TOURISM

Sierra Leone's principal tourist attractions are its warm coastal waters, clean sandy beaches and first class hotel accommodation.

The country itself has a unique beauty with a contrast of forest-clad mountains, fertile plains, shining rivers and hospitable climate.

Freetown, the capital, is built at the base of a spectacular mountain range, and perched on the summit are Fourah Bay College on Mount Aureol and the T.V. Transmitting Station at Liecester Peak. On the coastline of the capital are long stretches of silvery fine sand and in the backgrouod are lush green hills rising from the coast. One of the most relaxing car drives is the 66 mile circular tour of the Peninsular, covering some of the country's finest scenery, with beach stops for bathing and picnicking.

Less than fifteen minutes drive from the centre of Freetown is one of the most popular beaches—the three-mile long Lumley Beach (acclaimed the most beautiful anywhere in Africa). At its far end stands Cape Sierra Hotel, and next to it is a Casino.

The 200-bed Hotel Mamy Yoko stands on a prominent site at Lumley Beach opposite the Palm Beach Restaurant.

The imposing 150-room Hotel Bintumani at the top of Aberdeen Hill adds to the picturesque scenery in the area. This hotel offers very splendid views, a modern conference centre capable of housing international conferences, restaurant and swimming pool.

Sierra Leone offers a variety of sports and recreational facilities and Freetown, the capital, offers facilities for fishing, water skiing, surfing, harpooniog, boating, badminton, foothall, lawn tennis, golf and rugby.

Although lacking the big game of the East African Plains, wild life in Sierra Leone is still plentiful and diverse. The list includes forest elepbant, bush pigs, chimpanzees, baboons, colobus monkeys, leopards and civet cats. In the far nortb, pygmy hippos are occasionally seen. Non-hunting forest reserves in the Loma Mountains (320 mls. from Freetown) boast of some unusual bird species including repell's griffen, carblerg's eagle, francolins, ortolan etc. At Lake Sonfon (230 miles from Freetown) are bush bucks, duikers, green magbeis and diama monkeys, baboons, warthogs, bush pigs, buffalos and elephants, as well as hartlaub's ducks, white-faced tree ducks, green fruit pigeons, and a number of other bird species. There are several species of snakes including cobras, pythons, vipers and mambas. A game reserve has been established at Mamunta in the Tonkolili District covering an area of 12 square miles.

There are many historic buildings and monuments in Freetown, one of which is the famous "Cotton Tree" believed to be wall over 500 years old. It stands in the centre of Freetown, and serves as a land mark of the country. Near this historic tree is the national Museum which houses some of the country's distinctive and ancient relics, sculpture, arts and crafts. Further from the Museum coastwise is the famous King Jimmy Market on which grounds the historic De Reuter Stone lies buried.

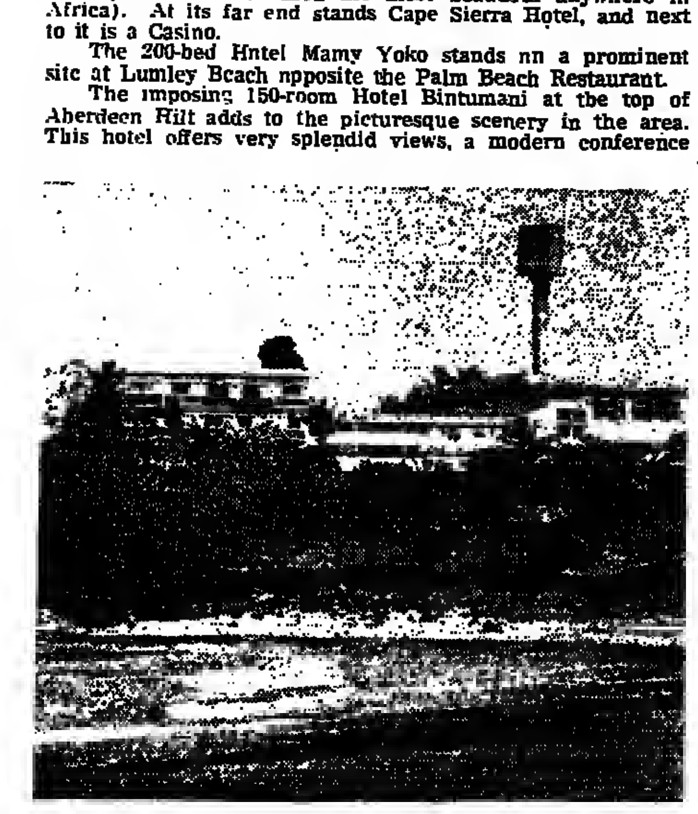
The City has a striking combination of old Victorian typa architectura and beantiful modern buildings soma of which decorate the city's skyline. Among the oldest prominent buildings in Freetown are the Law Court Buildings at Siaka Stevens Street, and St. Charles Church at Regent.

The Provinces are equally rich in tourist attractions. The Bintumani Mountains in the Koinadugu District and the Tingi Hills in the Kono District rise over 6,000 feet and present a challenge to the adventurous mountain climber. In the central part of the Hinterland are the Sula and Kangari Hills rising to a height of about 3,000 feet. Thare are also the picturesque Laka Sonfon in the Koinadugu District, Yeliboya Island in the Kambia District, the Beinkongo Falls in the Kono District, and the Bumbuna Falls in tha Tonkolili District which have been earmarked for the country's new hydco-electric power project.

York village in tha Peninsular bouses the 'Fori Water Cave', while the Bunce Island fortress, used for harbouring slave cargo destined for Europe and the Americas during the slave trade, give the historians food for thought.

There are a variety of self-help projects aimed at community development and these are of tremendous interest to the visitor. The most popular is the Maforki Self-Help Pcojects at Port Loko in the Northern Province.

Coach tours are provided by the Ministry of Tourism and Cultural Affairs, Sierra Leone Airways and Yazbeck Travel Agencies. Taxis are available at fairly cheap rates, as well as privately owned mini buses locally named "poda poda." The capital and main towns in the Provinces are served with regular bus services operated by tha Rosd Transport Corporation. The internal services of Sierra Leone Airways offer daily flights from Hastings Airfield near Freetown to Bo, Kenema and Yengema with flag stops at Gbangbatoke and Tongo Field with twice weekly flights to Bonthe.



The Cape Sierra Hotel

COMMUNICATION

One of the sine qua non of economic development is a modern road network linking towns and villsges to facilitate the flow of people, goods and services between country and city.

In recent years, Sierra Leone's achievements in road development have been spectacular. Modern highways bave been constructed in many areas in the capital and the provinces, and several bridges have been built. The Congo Bridge in the capital links the West Urban part of Freetown with the city centre, while the new Freetown/Waterloo Road opens up the city centre to the urban east as well as to the Provinces. The Mange and Kambia bridges bave opeoed a new link road with neighbouring Guinea while the historic Mano River Bridge links Sierra Leone and Liberia. The Government of the Federal Republic of Germany has given considerable assistance to the country's road development efforts.

Major bus service and road haulage are the responsibility of the Road Transport Corporation which was constituted in April, 1965 to operate road transportation throughout the country at cheap rate.

The International Airport is located at Lungi which is about 2 hours journey from Freetown inclnding a refreshing ferry crossing on the Sierra Leone River.

The airport, known as Freetown International Airport, is served by European and African airlines including Air Mali, Sierra Leone Airways, British Caledonian, Ghana Airways, Nigeria Airways, UTA, KLM, Air India, Czechoslovakia Airlines, Cubana Airline, Air Afrique and Air Guinea. The airport provides an all round 24-hour service. All aircraft enter and take off at the Freetown International Airport which has full Customs, Immigration and Port Health facilities.

Sierra Leone Airways is the country's National Airline and is operated jointly with British Caledonian. It operates a twice-weekly service to London (Gatwick), and a domestic service between Freetown and the principal provincial towns.

SHIPPING AND PORT FACILITIES:

The Sierra Leone Ports Authority, which was established in 1965, plays an important role in the communication network. It handles all ships coming into the country and maintains a first class harbour at Freetown's Queen Elizabeth II Quay, acclaimed the most natural harbour in the World.

The container system of bandling cargo introduced by the Ports two years ago has proved very popular and provides for better security in the handling of cargo. Stevedoring, another aspect of cargo bandling which was originally undertaken by the Sierra Leone Shipping Company, has been recently taken over by the Ports Authority.

The Authority also keeps multi-harbour purpose tugs, and operates an efficient ferry service between Freetown International Airport, Lungi, and the capital, Freetown.

The Sierra Leone National Shipping Company, a shipping line with 60 per cent Government's interest was formed in 1972 with the objective of owning and maintaining national vessels and thereby provide employment for the large number of sea-going men available in the country.

POST AND TELECOMMUNICATIONS:

Sierra Leone's intarnal telecommunications system is manned by the Post and Telecommunications Department. The Post and Telecommunications Department has a total of 12 automatic telephone exchanges, evenly divided between Freetown and the provinces with a total installed capacity of 11,600 linas. The total capacity in the Freetown area is 9,900 with a total installed capacity of 300 lines. The automatic exchanges have full subscriber trunk dialling facilities and are connected by microwave radio links, spanning a distance of 416 miles. The microwave links provide telephone and telegraph circuits between Freetown and the main provincial towns of Bo, Makeni, Kenema, Magburaka and Koidu. The trunk telephone bas a capacity for 120 telephone channels between Freetown and Bo via Makeni, and 300 channels between Makeni and Koidu. There are plans to improve and extend the service further and provide efficient telaphone links with neighbouring Guinea and Liberia within the framework of the Pan-African Telecommunications network.

The Central Post Office is located at Siaka Stevens Street in Freetown. There are a total of 34 post offices and 81 postal agencies throughout the country, all of whom conduct savings bank business.

SIERRA LEONE EXTERNAL TELECOMMUNATIONS (SLET)

The Sierra Leone External Telecommunications Ltd. (SLET) provides radio telephone cable and telex facilities from Freetown to most parts of the world. A Standard 'B' earth Satellite Station constructed at Wilberforce has increased the Company's original 14 channels of communication to a maximum of 70 and facilitates increases of lines to London by 8, to France by 2 and to Lebanon by 2.

The station is also equipped with television receiver capabilities in addition to voice circuit services which could be exported to facilitate an extension for SLBS/TV transmission on the existing broadcasting system.

The Company's operations are conducted from two main centres in Freetown; the Central Telegraph Office at Wallace Johnson Street and the Wilberforce Radio Station at Wilberforce. The Central Telegraph Office functions as an interface for subscribers and the radio station. It also serves as a terminus for telephone, telegraph, telex and leased circuits.

The radio station is a common site station which is linked to the Central Telegraph Office by land lines and radio links

SOCIAL SERVICES

Education:

The Government's avowed policy in the education sector is to provide the children of Sierra Leone with an education that will prepare them to be useful citizens and to make an effective contribution towards national development.

The Government is progressively working towards a policy of free ednestion in order to allow for equal opportunity in ednestion for all children.

In 1978, school fees were abolished in classes three, four, five, six and seven in all primary schools. The ultimate goal is to maintain high quality education throughout tha country at considerably reduced costs particularly in the matter of text books, fees and uniform.

The formal education system is a tri-level structure which is pyramidal in shspe. The primary education system comprises pre-primary, i.e. Nursery and Infant Education, and Primary Education.

For primary schooling, class seven is tha terminal, where pnpils take the Selective Entrance Examination for entry to secondary schools. The age for primary schooling is between five and eleven. According to the 1977/78 statistics there were 227,815 children attending, the 118 primary schools throughout the country.

The secondary school system caters for children between twelve and nineteen years of age and spans a five-year period i.e. from form ona to form five.

The psttern of general secondary education which has been the Grammar School type of instruction bas been diversified and some secondary schools are presently undertaking Commercial, Agricultural, Technical and Vocational subjects. The programme prepares candidates for Pitmans, Royal Society of Arts (R.S.A.) and City and Guilds examinations. Some schools offer internal courses in Home Economics leading to the WAEC/"O" Level Exams.

The number of pupils attending the country's 132 secondary schools numbered 53,897 in the 1977/78 school year.

The tertiary lavel of the ednestional system comprises all the institutions, entry to which some degree of secondary ednestion is required. Among these institutions are Technical Institutes, Trade Centres, Teacher Colleges and the University of Sierra Leone. These institutions prepare both middle level and upper level manpower necessary for national development in all its manifold facets.

Technical education is provided in the two Technical Institutes in Freetown and Kenema and the two Trade Centres in Freetown and Magburaka. There are also technical training programmes in some mining and industrial companies.

Teacher Training at non-University level is provided at six teacher colleges which include five primary teacbar colleges and ona Secondary Teacher college, the Milton Margai Teachers' College.

The University of Sierra Leone incorporates the 150-year-old Fourah Bay College, for many years Africa's ooly institution of higher education South of the Sahara, Njala University College and the Institute of Education.

Fourah Bay College bouses the faculties of Arts, Economics and Social Studies, Pure and Applied Science, and Engineering, the Institutes of African Studies, Marine Biology and Oceanograpby, the Radiosotape and Demographic Units and the Department of Extra Mural Studies. Njala University Collage which was set up in 1964 as an Agricultural College bas established three basic faculties, Agriculture, Home Economics and Education.

The Ministry of Education co-ordinates Adult Education Programmes through the National Literacy Committea.

Health:

In keeping to the goal of the World Health Organisation to bave primary bealth care established in all countries by the year 2000, the Government of Sierra Leone bas launched a programme to raise the level of bealth of its people by extending bealth services to the entire population. The goal is to increase national productivity and promote the well-being of the people, particularly the least-favoured groups, within the shortest possible time.

The National Health Plan aims at establishing at least one health unit, a health centre, dispensary, or treatment centre in every chiefdom in the country.

Presently, a project is under way in Mapaki, Paki Masabong Chiefdom in the Bombali District to train primary health care workers in the disciplines of maternal and child health, first aid and environmental health.

There are a total of 44 government hospitals, 39 health centres, 51 dispensaries and 30 maternal and child bealth centres throughont the country. A few private hospitals owned by Private Medical Practitioners could also be found in Freetown and some parts of the Provinces.

The Princess Christian Maternity Hospital

Although health services are primarily a function of government, considerabla health work is carried out by non-governmental agencies, notably missions, especially in the Maternal and Child Health and Leprosy fields. Mining companies maintain health services for their employees and their families.

Re-organisation is going on in most government health institutions, and a Cantral Laboratory is being constructed at the Connaught Hospital, the main general hospital in Freetown. Laboratories bave also been built in each government hospital in the districts and hospital management boards are to be set up to ensure more efficient medical services.

With assistance from the EEC, government will soon embark on a programme for the development of integrated medical education and training. A para-medical school has been set up in Bo, and a department of Community Medicina is to be established at the University of Sierra Leone.

The Government Nurses Training School which turns out competent nurses every year to man the hospitals caters for male and female students who enrol for the Certificate of State Registered Nurse (SRN) and the State Enrolled Nurse (SEN).

Community Development

Sierra Leone as a developing country has made encouraging strides in its Social Services.

The National Policy for Community Development and Social Welfare aims at ensuring a balanced approach to economic, social and cultural development by creating an swareness of the individual's needs, and stimulating and motivating him through the spirit of self-help to discover and widely use the country's human and natural resources for development.

The Department of Community Development and Social Welfare which is part of the Ministry of Social Welfare and Rural Development works closely with non-governmental bodies such as the Peace Corps, Catholic Relief Services (CRS), church missions, Cooperation For American Relief Everywhere (CARE), the Sierra Leone Muslim Women's Benevolent Society, church organisations and the Young Women's Christian Association (YWCA) in implementing community development Projects. There is also collaboration with other government ministries, in particular the Ministries of Health, Agriculture and Natural Resources, Information and Edncation.

The Department undertakes projects like the construction of feeder roads and bridges, schools, social centres, pit latrines, digging of wells and provision of pipe-borne water supply. Family Nutrition programmes are planned for the welfare of children, pregnant and nursing mothers as the vulnerable groups to overcome the very high rate of infant mortality. Mobile Under Five-clinics are run in conjunction with the Ministry of Health and CRS, and demonstrations on general hygiene and sanitation are carried out in the homes and villages.

Probation work is administered amongst children in need of care and protection, young offenders at Approved Schools and Remand Homes. The Department also runs the King George VI Memorial Home for paupers, and the Farmcraft Training Centre for the Blind at Kenema, Eastern Province. This centre offers a year's training in handicraft and gardening to blind adults in the rural areas.

The Department of Community Development also runs a Bennimix project producing high-protein food for weaning babies. The programme was started with joint sponsorship from UNICEF and FAO and is based in Bo, Southern Province.

The 40,000-seat Siaka Stevens Stadium

INVESTMENT OPPORTUNITIES

The Goverment of Sierra Leone is anxious to utilise its economic resources by encouraging investment in the private and public sectors with the desire to boost intermediate technology in the rural areas of the country.

Foreign investments are welcome as every efforts to ascertain that the aspirations of investors to meet current demands of the Republic are met with full support and positive action by government at all times.

President Siaka Stevens declared in a policy speech of June 22, 1973 that Foreign investors can rest assured that their interests will always receive adequate protection.

The Government bas enacted new laws and measures to improve the investment climate. Provisions are available through which investors receive maximum cooperation from institutions created by government for better understanding in the fields of Commerce and Industry. Continued expansion of the country's infrastructural programmes have increased so as to accelerate economic activity. Over a dozen new roads to the hinterland, in particular, to the agricultural and mining areas, bave been constructed and considerable improvemeot has been made to existing ones.

In various parts of the country water supplies have been pcovided; telephone and telex facilities extended; massive capital investments made to ports; air services rapidly expanded; and more essential services made available.

It is the Government's avowed intention that the creation of these facilities will encourage foreign investors to recognise the advantages offered.

Sierra Leone bas played a leading cole in educational acheivments in West Africa, thns providing a reservoir of skilled personnel. As communication is established with neigbbouring countries—Liberia and Guinea, Industrial expansion should take on an international dimension.

The primary aim of the Government is to encourage the participation of foreign companies either in partnership with the Government or independently. Already the Government has entered into a partnersbip agreement in diamond mining. The Government is particularly anxious to encourage the growth of industries using local raw materials, especially those closely connected witb agricultural development: furniture, for example, is manufactured from local timber; soap is made from palm kernels; juices are canned from citrus fruits; tobacco is supplied to cigarette manufacturers and very soon the sugar industry will commence operations using locally grown cane sugar. Investment is particularly welcome in areas where development of local industry helps to reduce dependence on imported goods.

It is evident that as the production of such commodities as coffee, cocoa, rice, sugar, fruits, ginger and groundnuts Increases, the opportunities for processing, refining or canoing industries are constantly expanding.

A flourishing tourist industry exists, and Sierra Leone's excellent beaches, first class botels and natural beauty as well as the recently established Game Reserve offer unlimited opportunities.

Foreign investment is largely governed by the Sierra Leone Development Act currently under revision. The Act provides for tax holidays varying from two to five years according to risk and size of investment. Over 40 industries and manufacturing enterprises have taken advantage of these concessions.

There is a growing industrial estate available just outside Freetown—The Wellington Estate on the Freetown-Waterloo Road. This area is supplied with good roads, water, electricity, telephones and banking services. A number of small to medium industries are already operating successfully, thereby providing a base from which industry can readily expand.

SOME INVESTMENT INCENTIVES

* Exemption from import duty on raw materials up to 90 per cent of the dutiable value of such imports: total exemption from import duties on machinery and construction materials;

* Exemption from income tax for a period which will depend on size, scope and nature of the investment;

* Special incentives for profit reinvestment; special incentives for exports; tariff protection and restriction on competing imports. Deferment of depreciation allowance until the end of the tax holiday period.

THE WAY FORWARD

Over the last 12 years, Sierra Leone has been one of the most atable countries in the African region. This period has seen it emerged from an independant state under monarchial rule, through complete sovereignty with the attainment of republican status in 1971 to the adoption of a One Party Constitution in June, 1978 in keeping with the wishes of the people as revealed in the results of the One Party Referendum which recorded 95 per cent support for the singular party system.

With the absorption of several hitharto opposition party members into the fold, many of whom today hold prominent positions in the political and governmental arena, the country is poised for greater achievements in development in an atmosphere of peace and stability.

Accelerating the pace of development sre the projects being undertaken for the OAU Summit scheduled to be held in Freetown July 1-4. An estimated Le100 million is being expended on the projects which include the OAU village —a collection of 60 bungalows to house Heads of State to the Summit and which will later be part of the Housing Scheme for government workers, a new jetty at Government Wharf; expansion and modernisation of the government-owned hotels; a modern conference centre with first class conference facilities; extension and modernisation of the airport; the installation of traffic and street lights; improvement to the telephone system; widening and resurfacing of roads in the City and improvement to Hill Station Hospital.

These projects will improve the infrastructure needed to boost the tourist industry, create job opportunities and give a general face-lift to the City.

A one-year Public Investment Plan (1979-80) aimed for an investment of Le131.073 million as a stop-gap between the five year development plan (1974-79) and the new five-year plan which is expected to be launched next year. The plan places emphasis on agriculture, tourism development, education and bealth.

For further information please contact:

Ministry of Information
Freetown
Sierra Leone.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● INSTRUMENTS

Measures accurately

WHERE THE dimensions of complex machined parts have to be measured accurately and quickly the PMM 864 co-ordinate measuring machine, capable of probe placement anywhere in a volume of 800 x 600 x 400 mm, allows the work to be carried out with minimum time spent on setting up for each new type of component.

Available from E. Leitz (Instruments) of 48 Park Street, Luton LU1 3HP (0582 413811) the granite-constructed instrument has a resolution of 0.5 micron and an accuracy of 3.2 microns over 800 mm (at worst). The slides use air bearings in all three axes giving fast response and high positional accuracy of the probe under joystick or automatic control.

To instruct the machine for a particular component the computer is put into the "learn" mode. Dimensions can then be entered by manually measuring a perfect component or can be keyed in with CRT screen assistance as co-ordinates from an engineering drawing.

Once programmed the active head touch sensor can be put under automatic control.

For each reading the head makes a fast approach to within 0.1 mm of the expected position, moves slowly until the correct probe force is reached, records the measurement and moves clear for the next measurement.

Results appear on a high speed printer and include dimension number, x, y, z angle and diameter data, the actual dimension and tolerance.

A scanning programme is also available in which constant probe contact is maintained for profile examination.

Digital voltmeter

AIMED AT the producers of aluminium, zinc, chlorine and other industries where large currents are involved, a digital voltmeter from Dunford Hepburn has a three digit gas discharge display and derives its power from the measured source.

At the Alcan primary aluminium smelter at Lynemouth, Northumberland, the units are being used as a direct replacement fo rfailed moving coil meters: thus, more modern digital displays can be employed without incurring problems of insulation from the series-connected "pots" where kilovolt levels to ground may be present. A further advantage is that the meters can be interfaced with microprocessor based control systems. No batteries or independent power sources are needed.

The meters ca nbe custom-built for specific applications and for most types of electrolytic processes. A range of alternative displays and outputs can be incorporated.

More from Dunford Hepburn, City Road, Newcastle upon Tyne, NE1 2AF (0632 21127).

Low weight X-ray unit

BALTEAU'S latest addition to its industrial generators is the Baltospot GF 200.

This 200 kv, 8mA unit has an excellent power/weight ratio and its lightweight tube head weighs only 21 kg. It is of a new design based on medium frequency technology.

The high current rating of 8mA allows shorter exposure times than most other portable X-ray units. The tube head has gas insulation, which, in addition to being lighter than oil, allows for easier servicing.

The control unit, weighing only 18.5 kg is completely electronic and has an automatic pre-heating cycle to ensure longer X-ray tube life. The selection switch allows for resetting of the same X-ray parameters and a closed loop maintains the constant current rating of 8mA.

Balteau Sonatest, Dickens Road, Old Wolverton Road Industrial Estate, Old Wolverton, Milton Keynes MK12 5QQ. 0908 316345.

● PROCESSING

Cleans and degreases

SMALL- and medium-size components such as screws, nuts, bolts gear wheels and so on can be degreased and cleaned in quantities ranging from 150 kg to 3,000 kg an hour by the newly introduced Silvi range of machines.

Designed in Italy, the rotary drum machines are to be marketed by Page Beken of Taplow, Berks, in association with R.H. (Maidenhead) Engineering Co.

There are five models and feeding hoppers, loading hoists both electric and hydraulic, belt or roller feed conveyors, can be fitted to suit requirments. Cleaning is effected by hot spray wash, hot or cold rinse, and hot air drying. Heating can be provided by electricity, steam, water, gas, oil or combinations of these.

Full details can be obtained from Page Beken, 9 Wellbank, Rectory Road, Taplow, Maidenhead, Berks. (062 86 3513).

● DATA PROCESSING

Norwegian subsidiary set up in UK

WIDELY HELD for many years the idea that it has been possible to start and grow a computer manufacturing company only in the U.S. is certainly refuted by Norsk Data of Oslo which now has a turnover approaching £25m and has just announced the formation of a subsidiary company in the UK.

This minicomputer company already has subsidiaries in Sweden, Denmark, France, Germany and the U.S. and expects shortly to have new premises in the reading/Oxford area where Norsk Data (UK) will be headed by Richard Norton, who previously ran a distribution agency for the Norwegian machines.

Since its 1967 start with three defence industry employees, the company has introduced four machines of which nearly 1,500 have now been sold, nearly all in Europe and about a half in Norway where the company is supplying, for example, 130 minis for ticket sales applications at all the country's railway stations.

Company president Rolf Skar attributes much of the company's progress to its employment policies which involve both equity and profit sharing. The turnover per employee is now about £46,000 and the employment turnover rate is under three per cent: in the U.S. the figures are said to be about £26,000 and 25 per cent respectively. But he also insists on both technical and managerial excellence — all the founder members of the company went through MIT. He reckons to be able to develop a new product in under three years as opposed to under five in the big computer companies, and so far has had no need to borrow money from anywhere; all growth has been internally funded.

Norsk Data's latest model, the Nord-500 was launched last summer and first deliveries, to CERN, will be in June. Since the launch some 40 orders have been taken.

This 32-bit machine offers four Gigabytes of addressing space, multiprogramming, partitioned cache memory, forward fetch, multiport memory and the same Sintran operating system of all previous models. It is interesting in making use of a previous machine, the Nord 100, built in as an input/output processor, releasing more power for the user.

Marketing effort in the UK is to be aimed at the educational, process control, simulation, commercial, medical and also the OEM market where new agreements have been written which will give OEMs a more satisfactory deal. Complete hardware and software support is to be provided.

More from the company at Nord House, 17 Balfe Street, Kings Cross, London N1 9EB (01-278 5501).

Sonar data displayed in colour

UDI GROUP of Aberdeen has been selected as winner of a special merit award for engineering innovation by the U.S. energy publishing house of Petroleum Engineering International.

The award is for development of a colour video system of displaying sonar data. The presentaton of the award took place on the company's stand at the Offshore Technology Conference and Exhibition in Houston, Texas, on May 5.

UDI Group of Aberdeen, part of the CJB Group of companies, is a specialist in the development and application of underwater survey and inspection systems; remotely controlled heavy-duty subsea vehicles such as the "Seabug," and underwater communications systems.

The company's development, in collaboration with Shell (UK) Expro, of the world's first system for the display of sonar data in a standard colour video format represents one of the most significant advances to date in the display and recording of geophysical data.

The traditional systems for displaying data from sonar equipment are standard oceanographic paper records which, although becoming more sophisticated, have severe limitations because their basic principles are mechanical rather than electronic.

UDI's invention, using microprocessors, converts the incoming sonar data to a high speed format which can be successfully presented in video. Even more important, however, is the fact that this allows the use of colour as opposed to monochrome for the first time.

Conventional oceanographic data records print out their information using what is known as the "grey scale." In other words the differing amplitudes of the incoming sonar signals are recorded on the paper trace in 16 varying shades of grey. The minute differences between the shades are not easily distinguished and the interpreter thus may have considerable difficulty in achieving accurate interpretation of the data.

The UDI colour video system overcomes this problem by replacing the 16 shades of the "grey scale" with 16 colours across the full range of the spectrum. As the human eye can differentiate distinct colour variations much more readily than conventional grey scale, the opportunity is available for significantly improved data interpretation.

The colour video sonar system's other major advantage is its ability to allow magnification of any section of the displayed data. Any section of the display can be magnified by the power of two, four, eight or 16, without any degradation of the original signal.

This facility can be used with a split screen display to allow one sector of the terrain data to be looked at in magnification on part of the screen, while the other part displays the whote sector under review. UDI believe that the advantages this type of display confers, especially in pipeline surveys, will allow much more effective interpretation and easy identification of trends such as sub-pipeline scouring.

UDI, Woodside Road, Bridge of Don, Aberdeen. 0224 705050.

● HANDLING

Accurate even when vibrating

LATEST INDUSTRIAL balance from Mettler, available in the UK from Gallenkamp, is the PK60, a precision electronic model able to weigh up to 60 kg to an accuracy of 1 gram.

The balance is designed with industrial environments in mind, having a rugged housing which protects the interior against dust and splashed water.

It also has an adjustable integration time switch which makes the instrument largely insensitive to the kind of vibration frequently encountered on shop floor, stores areas and so on. Damage to the high performance weighing cell is prevented by an overload protection device.

Connected to suitable Mettler terminals (KG 40 or 41) the balance can be used for quality assurance work and can produce data outputs for connection to a printer or remote display unit.

PK60 is also equipped with a data interface for direct connection to the data communication system offered by Mettler.

Gallenkamp is at P.O. Box 290, Christopher Street, London EC2P 2ER (01-247 3211).

● COMPONENTS

Aluminium tension cells

DESIGNER AND manufacturer of advanced strain gauge transducers and associated electronics, Measurand International has introduced two lost cost ranges of aluminium-bodied, very high accuracy tension load cells covering the ranges 0—5, 0—10, 0—50 and 0—100kN.

Designated Series 4-7310 and 4-7320 the devices follow the earlier launch of the Series 4-3100 and 3200 totally weld sealed tension cells and have an identical stainless steel transducting element.

Based on bonded resistance strain gauge technology and using a high performance, stainless steel, circular cross section tension column system for accuracy and reliability, the devices also have aluminium shells with rolling seals to meet the needs of most process plant and similar environments. Main application areas are in chemical and petrochemical processing, food manufacturing plants and general industry.

Using a precision machined, high strength column system, overload without damage or loss of calibration is 150 per cent of the rated load range and overload without structural failure is over 400 per cent of range. Additionally, a mechanical fail-safe option will take overloads up to at least 10 times the full rated load for particularly demanding applications.

Measurand International (Transducers), Assurance House, 35, Hazelwood Road, Northampton NN1 1LQ. 0604 22521.

● SERVICES

Compressed air supplied quietly

DESIGNED FOR use in areas where noise must be kept to a minimum, the latest air compressors produced by IMI Fluidair are fitted with electronic control systems.

Lamps indicate when oil is required or needs changing, when the cooler requires cleaning and when the drive motor is overloaded. There is also a total running time counter, a shutdown time control (limits unloaded running) and a mode switch (to set continuous or automatic stop/start operation).

The electrically-powered compressors have capacities ranging from 52 to 210 cubic feet per minute at output pressures of 100 psi (single stage) or 150 psi (two-stage).

These rotary sliding vane compressors are fitted with acoustic hoods which lift like car bonnets. Sound readings are said to be in the range of 67-72 dbA at 1 metre.

IMI Fluidair's works are at Radcliffe, Manchester M26 0JB. (061 723 2421.)

To the Holders of

Itel Finance International N.V.

9¾% Guaranteed Debentures Due 1988

As of the close of business on June 22, 1979, J. Henry Schroder Bank & Trust Company (the "Trustee") was appointed Successor Indenture Trustee under the Indenture dated as of April 1, 1978 (the "Indenture") with Itel Finance International N.V. (the "Company") and Itel Corporation (the "Guarantor"). This Notice is published by the Trustee to inform Holders of said 9¾% Guaranteed Debentures due 1988 of certain recent developments.

Under Section 301 of the Indenture it is provided that the Debentures issued thereunder shall bear interest from their date at the rate of 9¾% payable annually on April 1 in each year. The Company failed to make the payment due on April 1, 1980 and, accordingly, there was a default in the payment of interest. Under Section 501 of the Indenture, a default in the payment of interest upon the Debentures when such interest becomes due and payable becomes an "Event of Default" when such default continues for a period of thirty (30) days. More than thirty (30) days having elapsed since the default in the payment of interest on April 1, 1980, this failure has become an "Event of Default". Section 502 of the Indenture provides that if an Event of Default occurs and is continuing either "the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Debentures may declare the principal of all the Debentures to be due and payable immediately, by a notice in writing to the Company and the Guarantor (and to the Trustee if given by Holders) and upon such declaration such principal shall become immediately due and payable."

Section 512 of the Indenture states as follows:

The Holders of a majority in principal amount of the Outstanding Debentures shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that

(1) such direction shall not be in conflict with any rule of law or with this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee need not take any action which it determines might be unjustly prejudicial to the Holders of Debentures and coupons not joining in the giving of such direction.

Section 601(c)(3) and (4) provides that:

(3) the Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Debentures relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Debentureholders are referred to the Indenture for a more complete description of the rights of Debentureholders and their remedies subsequent to an occurrence of an Event of Default. Copies of the Indenture are available for examination at the Corporate Trust Office of the Indenture Trustee during normal business hours. The Debentureholders are further referred to the most recent "Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934", Form 10K, "the Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934", Form 10Q, and the "Current Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934", Form 8K, prepared by Itel Corporation and on file with the Securities and Exchange Commission in Washington, D.C. for financial and other information on Itel Corporation, the Guarantor of the Debentures referred to herein.

On the basis of information currently available to it, the Trustee does not intend, at this time, to declare the principal of all the Debentures to become due and payable immediately. However, the Trustee is continuing to review information concerning the Company's and the Guarantor's current circumstances including information regarding their financial condition and the relative rights of creditors, so that it may determine whether it will, pursuant to Section 502 of the Indenture, declare the principal of all the Debentures to be due and payable immediately. The Trustee may consider other possible action pursuant to the provisions of the Indenture.

This Notice is being published pursuant to and in accordance with the requirements of Section 602 of the Indenture and a copy thereof is being sent to each securities exchange on which the Company has advised the Trustee that the Debentures are listed.

Inquiries concerning the matters contained herein should be directed to Mr. George R. Sievers, First Vice President, J. Henry Schroder Bank & Trust Company, One State Street, New York, New York 10015, (212) 269-6500, or Joseph Chervin, Esq., c/o Messrs. Surrey & Morse, 485 Madison Avenue, New York, New York 10022, (212) 935-7700, counsel to the Trustee.

J. HENRY SCHRODER BANK & TRUST COMPANY, as
Successor Indenture Trustee

THE PROPERTY MARKET BY MICHAEL CASSELL

MEPC and Burton close to deal

AFTER a marathon set of "on-off" negotiations, it looks as though MEPC and Burton, the menswear group, have agreed on terms for letting space in Oxford Street's "West One" covered shopping scheme.

At one stage it looked as though MEPC was on the verge of losing its second anchor tenant for the £25m shopping complex, following the withdrawal last year of the Wallis fashion chain.

MEPC originally hoped to sign a deal with Burton before Christmas which would provide the retail group with key space in the 45,000 sq ft scheme now being developed over Bond Street tube station. But Burton was decidedly unhappy about the location of the central escalator pit and wanted it moved.

The resulting talks between the two sides developed into what might fairly be described as possibly the loosest and most difficult negotiations MEPC has ever had to conduct with a potential tenant but it seems that both sides are now satisfied. The offending escalator is now in the process of being moved, though not by the full extent originally sought by Burton, which in any case apparently became less concerned about its location as talks progressed.

It is believed that contracts for Burton to sign have gone off from MEPC's Park Lane headquarters this week and that the deal could be concluded within the next 10 days.

No rental has yet been disclosed for the 25,500 sq ft of ground and first floor space being taken by Burton, although Wallis had agreed to a rental in the region of £600,000 a year before it pulled out.

For MEPC, the Burton deal will signal the revival of a marketing campaign which remained in low key while the identity of the main tenant was uncertain. The company already has quite a number of potential occupiers for the 27 other shop units in its Oxford Street scheme.

In a somewhat hurriedly prepared schedule of accommodation and terms of letting brochure brought out last year, MEPC were asking an annual rent of £190,000 for the largest ground floor unit of 1,000 sq ft (the Burton presence at Oxford Street level is arguably very restricted) while annual rentals for other units ranged from around £70,000 downwards.

Since the terms were drawn up, however, the retail trade—especially in Oxford Street—has taken a turn for the worse. The outcome of negotiations with tenants in the months up until the opening, which is scheduled for later this year, will provide a clear barometer of the way in which rents in Britain's premier shopping street are moving after a period of fairly sustained stability.

"Less impressive" rents ahead

THE LATEST subscriber to the view that the heady days of rapid rental growth may fast be nearing an end is Stephen Allen of Carr, Sebag. He says that while there may be a few "headline hitting" deals, the longer-term, underlying trend may well be less impressive as more cautious rents are agreed by landlords.

After the huge rise in average rentals over the last three years, Sebag expects the flattening out process to dominate the picture. It warns that although the shortage of prime property for sale forced yields down because of the competitive capacity of institutional investors, it should not be assumed that rents will continue to be forced upwards on account of tenants' ability and willingness to pay high rents.

Stephen Allen adds: "In view of the state of the economy, the more important objectives of landlords may well be to retain their tenants by charging reasonable rents rather than push for the highest rents obtainable."

But he emphasises that prospects for rents over the next few months at least remain good, especially in central London as the amount of available space continues to fall.

In suggesting that while there is no reason to sell property shares, investors should be "extremely selective" when increasing their sector holdings, Allen forecasts a sharp drop in interest rates during the second half of 1980, which will underpin the present property yield structure in so far as comparisons with the returns on gilts become more favourable. Lower interest rates should also, of course, improve the profitability of those companies which have not already substantially reduced their short term debt.

On yields, Carr, Sebag's property analyst agrees that it is likely to become increasingly difficult for institutions, in the face of the economic downturn, to justify property at returns much below the current levels. Although the volume of money in property is increasing (perhaps not as much as many believe) and yields should, therefore, hold at current levels, investment over the next few years should, he says, be directed more towards development rather than in bidding for existing stock.

Glasgow space shortage intensifies

Despite the bleak economic outlook, office rents in central Glasgow are likely to push ahead to a record high by the end of this year, according to agents Richard Ellis.

A report from the Ellis Glasgow office says that the current top prime rent of £4.50 a sq ft should reach £5 a sq ft in 1980. It points out that although a quarter of a million sq ft of development space was available during December, 1979, two-thirds of it had been on the market for upwards of two years.

Ellis believes, however, that the imbalance between new supply and demand for all types of property has started to force tenants to take secondary space rather than to locate outside the City centre.

At present, the space which is available in central Glasgow is evenly distributed between developments and existing units but in the months ahead the supply is expected to dry up.

The projected new supply of development space over the next four years puts the average annual level of speculative completions at around 140,000 sq ft, slightly above the historic trend since 1965, although no available speculative space is due for completion this year. Two major refurbishments in Blythswood Square and West George Street have been pre-let and only one major development—the 80,000 sq ft Savoy Tower in Sauchiehall Street—is now available.

Ellis comments: "The office market in Glasgow is poised on the brink of an interesting new phase; with little current choice of development space, none coming on the market this year and the alternative of existing units drying up as the market moves into deficit."

NCB in hotel plan

PROBLEMS OVER financing a new 300-room luxury Hilton Hotel in Edinburgh now appear to have been resolved with the National Coal Board pension funds prepared to back the scheme to the tune of £10m.

The total cost of development could be in the region of £15m-plus and the remainder of the finance is to be provided by a consortium which includes the Hilton International hotel group and Glasgow-based developers Cruden.

Cruden, jointly with Hilton, were chosen to develop the city council-owned site in Castle Terrace two years ago but work on the scheme was delayed while suitable funding arrangements were made.

A spokesman for Hilton said that the group had received plenty of overseas offers for finance but that the consortium had wanted to arrange UK backing for the hotel, which will incorporate a theatre, restaurant, shops, conference and exhibition facilities.

Under the terms of the new deal, the NCB pension funds will take a 125 year lease on the site with the hotel sub-let to the consortium. This will be the pension funds' first direct investment in a new hotel although its property portfolios do include several hotels, bought as a result of acquiring various town centre schemes.

IN BRIEF

● *Breamgate* has sold the freehold interest in its London Road, Redhill, office development to the National Mutual Life Association of Australia for a sum in excess of £1½m. The 14,000 sq ft net building is let to the Property Services Agency at a rent of £68,500 a year. Debenham Tewson and Chinnocks acted for the vendor and National Mutual was represented by Conrad Ritblat.

● Guardian Royal Exchange is taking 25,000 sq ft of space in Unilever Superannuation Fund's City Gate, Nottingham, complex. The deal means that 145,000 sq ft in the city centre scheme now has tenants, leaving 29,000 sq ft available in suites at rents of £3.50 a sq ft. Joint letting agents: Jones Lang Wootton and John E. Mitchell.

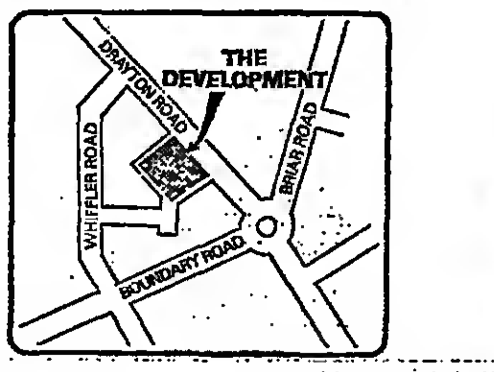
● Irish Life Assurance has acquired nearly 4,000 sq ft of space in Basildon House, Moorgate, EC2. The rental is £41,000 a year on a 10-year lease with a five-year review and Irish Life was advised by Jones Lang Wootton. In addition, 3,000 sq ft of space has been let to the building's major tenant, Laurence, Prust. Baker Harris Saunders acted throughout for the landlords, a charitable trust.

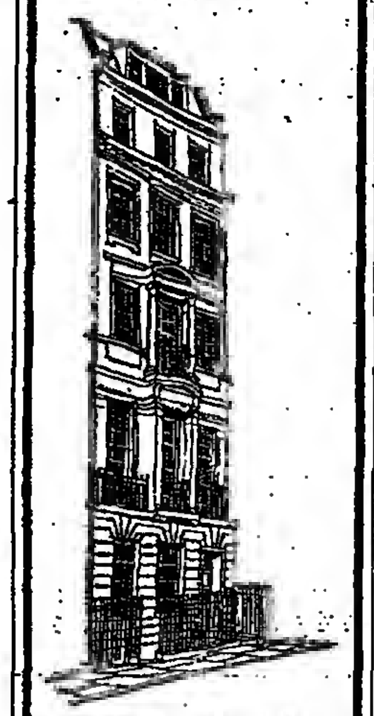
● Carlton Real Estates has agreed to lease 10 Cumberland Place, Southampton, to Access, the credit card business, which is to pay a rent of around £4.25 a sq ft for the 3,500 sq ft building. Joint letting agents were Healey and Baker and Fox and Sons of Southampton.

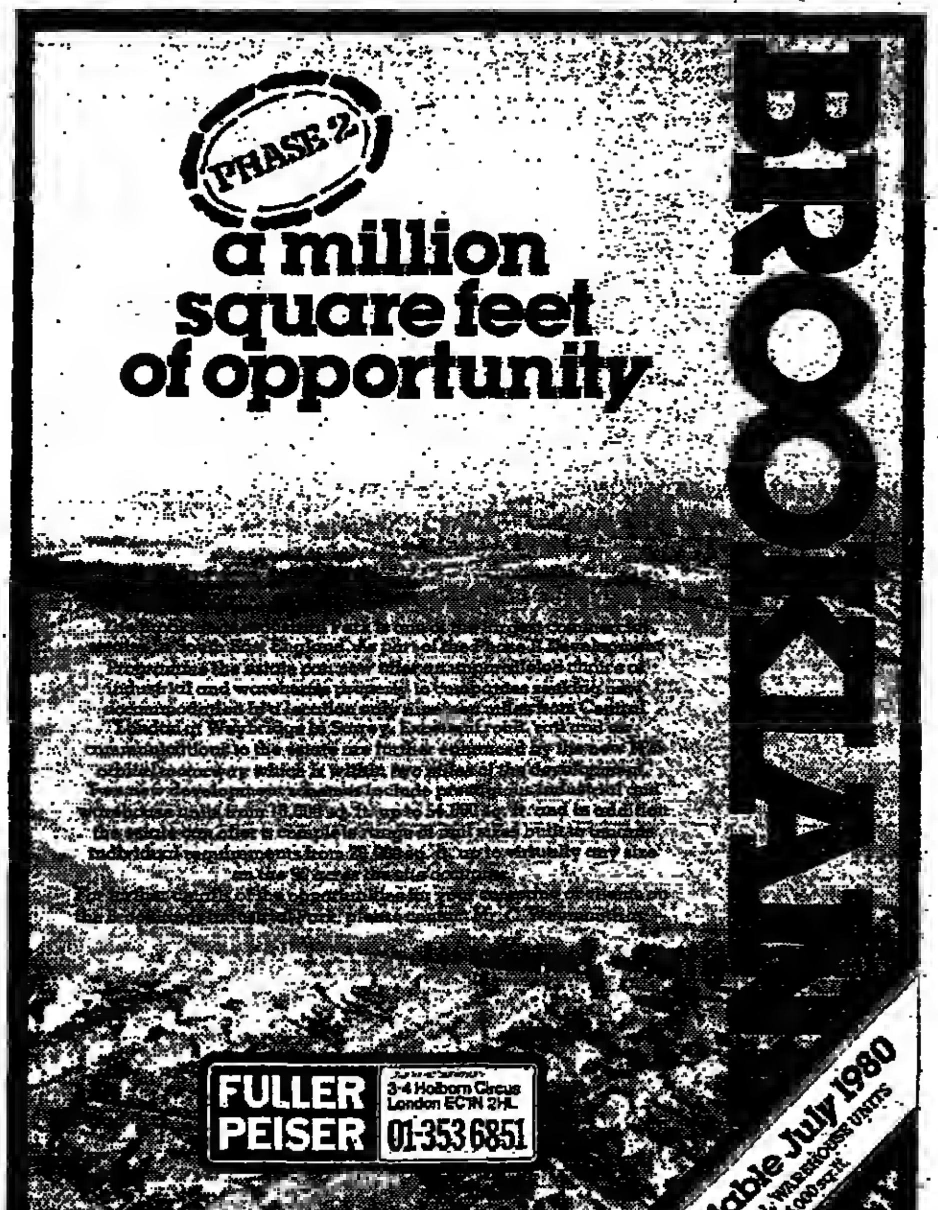
● Trafalgar House has put up for sale by tender 3,440 sq ft of vacant office accommodation at 50 Leadenhall Street, London EC3. Healey and Baker are organising the sale of the freehold with the closing date for tender offers June 18.

● Du Pont (UK) is moving out of Du Pont House, the company's seven-storey administrative headquarters on the corner of Breams Buildings and Fetter Lane, City, to a new complex at Stevenage in Hertfordshire. Nearly 52,000 sq ft of space will be available for letting from April next year, with some accommodation ready by the end of this year.

● City and Continental Property has forward sold the 3,000 sq ft freehold investment at 24 Fitzroy Square, London W1, to the Merchant Navy Officers Pension Fund. The pre-let property, which was recently acquired by City and Continental, has been extensively refurbished and extended with development finance provided by the Fund. This is the third scheme the two parties have recently announced, the others being the £10m Quadrant House office development in Pall Mall and a shop/office scheme in Leamington. Lambert Smith acted for City and Continental and St Quintin represented the pension fund.







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with VACANT POSSESSION

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Telephone 01-628 4361

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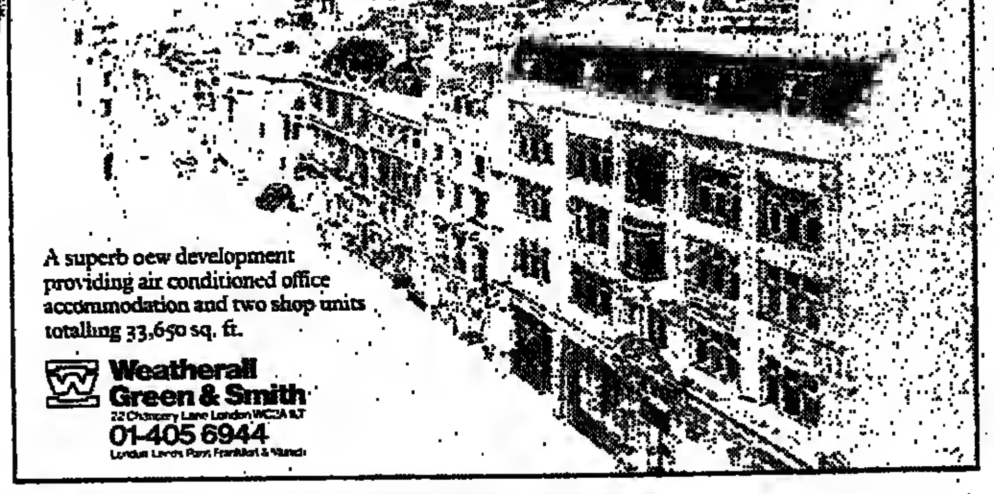
Telex: 497689. Tel: 0222 398151
ASTON DELLER & MORGAN, 65 O'Connell Street, Limerick. Tel: Limerick 46955
KNIGHT FRANK & RUTLEY, London Office. Tel: 01-629 8171

PG/KS/06907

Knight Frank & Rutley
20 Hanover Square London W1R 0AH Telephone 01-629 8171

Denning House Chancery Lane W.C.2



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Tel: 021 643 8007/8 & 021 643 8492/3
For Information Contact Birmingham Office

78 Colmore Row, Birmingham B3 2HG
Tel. 021-236 8477. Telex: 335146
51/53 Brick Street, London W1Y 7DU
Tel. 01-499 9452 Telex: 8953629

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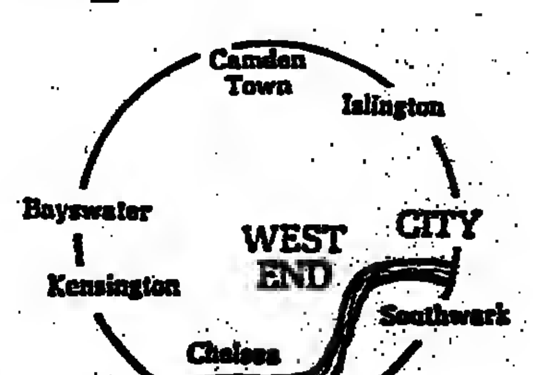

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FOR SALE BY TENDER
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WEDNESDAY, 11th JUNE, 1980
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Tel: (0943) 600655 (6 lines)

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TIVERTON, DEVON. By direction of National Westminster Bank Limited. Prime Freehold former Bank Premises in multiple trading position. Spacious accommodation on two floors over, with large gardens and car park at rear with development potential. All with vacant possession. For sale by tender, closing date June 24, 1980. Sole Agents—Gribble, Booth and Taylor, 12 Fore Street, Tiverton, Devon. Tel: Tiverton 56041.—10 West Country Offices.

OFFICE DEVELOPMENT SITE for sale freehold. Permission for 10,000 sq ft gross. Central position London suburb. Write Box T.5256, Financial Times, 10, Cannon Street, EC4P 4BY.

FACTORIES AND WAREHOUSES

UNUSUAL OPPORTUNITY. Factory unit 14,000 sq ft on 2½ acre site, mid-Dorset. Fully equipped workshops, showroom and offices for lease at only £15,000 p.a. Principals only. Wimborne 889842 evenings.

ROMFORD. To let. Factory 12,000 ft, 17 ft eaves. Modern building, good office accommodation, toilets, canteen, power and gas. Car parking. Reasonable rent—would divide. Write Box T.5258, Financial Times, 10, Cannon Street, EC4P 4BY.

INVESTMENTS FOR SALE

SMALL INDUSTRIAL PROPERTY 2,500 ft, at present let producing £6,300 p.a. offered for sale at £43,000. Ring Crowborough 3282 evenings.

AGRICULTURAL INVESTMENT for sale, Suffolk, 150 acres leaseback. Olivers, Market Hill, Sudbury. Tel: 72247.

PROPERTY APPOINTMENTS

INTELLIGENT young gentleman with entrepreneurial flair seeks challenging work. Property/Leisure? Suggestions to Box T.5257, Financial Times, 10, Cannon Street, EC4P 4BY.

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Telephone (202) 387-1200

APPOINTMENTS

COUNTY TREASURER'S DEPARTMENT

Investment Management—Principal Investment Officer

Post Ref. T35B — **Grade PO1B**
Salary £7722—£8574

The Council's pension fund totals over £125m and has an annual surplus of over £200m. The fund's investments are managed mainly 'in-house' by a small team of officers, each covering one of the various sectors, and responible to the Chief Investment and Loans Officer.

Applications are invited from persons with a thorough knowledge of stock market procedures and experience in portfolio management of either gilt-edged or UK equity investments, preferably in the institutional field.

An accounting qualification and/or an appropriate degree with investment analysis and research experience would be an advantage.

Further details may be obtained from Bob Johnston, Deputy County Treasurer, Ext. 144 or Arthur Phillips, Chief Investments and Loans Officer, Ext. 269.

Closing date for applications will be 23rd May, 1980.

Please write or telephone for an application form, quoting the appropriate post reference, to the Chief Executive (Personnel), South Yorkshire County Council, County Hall, Barnsley S70 2TN. Telephone Barnsley (0226) 86141 Ext. 266.

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Applications are invited from qualified accountants aged 30 or over who can show a progressive career in one or more manufacturing companies. Experience should have been gained in management accounting as well as in overseas activities.

Ref: K7995/FT.

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details not refer to previous correspondence with PA and quote the reference on the envelope. Men and women may apply.

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COMPANY NOTICES

BANK LEUMI LE-ISRAEL B.M.
LEUMI INTERNATIONAL INVESTMENTS N.V.

NOTICE TO THE HOLDERS OF U.S. $10,000,000 7 PER CENT. GUARANTEED CONVERTIBLE BONDS 1984 OF LEUMI INTERNATIONAL INVESTMENTS N.V.

The attention of holders of the above Convertible Bonds is drawn to the fact that such Bonds are convertible into Ordinary Shares of IL.1 each of Bank Leumi le-Israel B.M. at any time during the period up to and including 30th June, 1980 and thereafter at any time during the period from and including 1st November in each calendar year (commencing 1st November, 1980) up to and including 30th June in the next calendar year (up to and including 30th June 1984) but at no other time except as referred to in Condition 4 printed on the reverse of such Bonds.

The Conversion Rate at present applicable (as adjusted on 5th May 1980 for the 40% Capitalisation Issue of Bank Leumi le-Israel B.M. approved by the Extraordinary General Meeting of the Bank held on 30th April 1980) is 8,489 Ordinary Shares of IL.1 each of the Bank for every U.S. $1,000 nominal amount of Convertible Bonds converted equivalent to a Conversion price of IL.1.19 per Ordinary Share at the rate of exchange of IL.10.1026 per U.S. $1 fixed by the terms of issue throughout the life of such Bonds for the purpose of calculating the Conversion Rate.

The attention of holders of such Bonds is drawn to the said Condition 4 and in particular to paragraphs (A) (1), (A) (4), (A) (5) and (C) (7) thereof.

Holders of Convertible Bonds who wish to exercise their conversion rights should apply to any of the Conversion Agents named below for a necessary Conversion Notice.

Conversion Agents
Bank Leumi (U.K.) Limited
4-7 Woodstock Street
London W1A 2AF

Bank Leumi le-Israel (Switzerland)	Bank Leumi le-Israel (France) S.A.
34 Claridenstrasse	30 Boulevard des Italiens
CH-8002 Zurich	75009 Paris 9e

BAYER AKTIENGESELLSCHAFT

The Annual General Meeting of Bayer Aktiengesellschaft will be held on 19th June, 1980 at Cologne. Payment of a 14% Dividend for the year ended 1979 will be proposed.

Copies of the Company's Annual Report for 1979 in German will be available from:—
Hambros Bank Limited.
Hill Samuel & Co. Limited.
Kleinwort, Benson Limited.
S. G. Warburg & Co. Ltd.

The report in English is in the course of preparation.

United Kingdom Shareholders who wish to attend and vote at the Annual General Meeting should by 11th June, 1980, inform S. G. Warburg & Co. Ltd. Coupon Department, St. Albans House, Goldsmith Street, London EC2P 2DL, who will make the necessary arrangements on their behalf.

BAYER AKTIENGESELLSCHAFT
9th May, 1980.

WATNEY MANN INTERNATIONAL FINANCE N.V.

7½% EUA 12,000,000 1969-1984

Holders of the above mentioned bonds are hereby informed that the 11th annual instalment of EUA 1,000,000 due 13th June 1980 has been effected partially by purchase in the market of 31 bonds of a nominal EUA 1,000 each and partially by drawing by lot of the remaining 969 bonds of a nominal EUA 1,000 each.

The bonds numbers so drawn are comprised between No. 8861 inclusive and No. 11354 inclusive, taking into consideration the bonds previously repurchased or redeemed.

The bonds shall be redeemable at par on or after 13th June 1980 at the offices of the paying agents set forth in the prospectus and the conditions of the bonds.

The coupon due 13th June 1980 will be payable at the same offices.

The amount remaining outstanding after 13th June 1980 will be EUA 4,000,000.

Bond numbers drawn by lot in 1978 and 1979 not yet presented for payment:
7763; 8380; 8777; 9127/28;
8213; 9218/17; 9238/68; 9384; 9391;
9415/18; 9477

The Trustee
BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme

Luxembourg
9th May 1980.

GREATERMANS STORES LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO SHAREHOLDERS
DECLARATION OF PARTICIPATING PREFERENCE DIVIDEND NO. 9

NOTICE IS HEREBY GIVEN that a dividend of 6.6 cents per share (comprising a Preferential Dividend of 3.5 cents and a Participating Dividend of 3.1 cents per share) in respect of the Cumulative Participating Preference Shares for the six months ending 30 June, 1980, has been declared by the Board of Directors payable on the 30 June, 1980, to Participating Preference Shareholders registered in the books of the Company at the close of business on Friday, 23 May, 1980.

The dividend is declared in South African currency and dividends payable from the London Office will be paid in United Kingdom currency calculated at the rate of exchange ruling between Rand and Sterling on 6 June, 1980.

Dividend cheques despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief (if any) in respect of South African Taxes.

The Company will, where applicable, deduct the Non-Resident Shareholders' Tax of 15% from dividends payable.

For the purpose of paying the above dividend, the Participating Preference Share Register will be closed from 24 May to 8 June, 1980, both days inclusive.

Dividend cheques in payment will be posted on or after 30 June, 1980.

By Order of the Board.
S. C. CRAGG.
Secretary.

Registered Office:
220, Commissioner Street.
Johannesburg.

South African Transfer Secretaries:
Central Registrars Limited.
28, Harrison Street.
Johannesburg.
(P.O. Box 61042, Marshalltown, 2107).

London Transfer Secretaries:
Granby Registration Services.
Bourne House, 34, Beckenham Road.
Beckenham, Kent BR3 4TU.

THE COMMERCIAL BANK OF THE NEAR EAST LIMITED

NOTICE IS HEREBY GIVEN that the Fifty-eighth Annual General Meeting of this company will be held at its Registered Office, 107-112, Leadenhall Street, London EC3A 4AE, on Monday, 2nd June, 1980, at 11 a.m., for the following purposes:—

1. To receive and adopt the Directors' Report and Accounts for the year ended 31st December, 1979.
2. To declare a dividend.
3. To re-elect the retiring directors.
4. To re-appoint the retiring Auditors and to authorise the Directors to fix the remuneration of the Auditors for the current financial year.
5. To transact the business of an Ordinary General Meeting.

By Order of the Board.
N. M. PEGGIE. Secretary.

107-112, Leadenhall Street.
London EC3A 4AE.
8th May, 1980.

Notes:

1. Any member of the company entitled to attend and vote at the above Meeting may appoint another person who need not be a member of the Company as his proxy to attend and vote instead of him.
2. There are no contracts of service which are required to be made available for inspection at the Meeting.

THE COMMERCIAL BANK OF THE NEAR EAST LIMITED

NOTICE IS HEREBY GIVEN that the Share Transfer Books of the above Company will be closed from the 22nd to the 30th May, 1980, both days inclusive.

By Order of the Board.
N. M. PEGGIE, Secretary.

107-112, Leadenhall Street,
London EC3A 4AE.

LONDON AND MANCHESTER ASSURANCE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Share Transfer Books of the Company will be closed from 16 to 30 May, 1980, both dates inclusive.

Transfers should be lodged with the Company's Registrars, Sobin Brothers & Company, at 10 Bank Street, Tonbridge, Kent, by 4.00 p.m. on 15 May 1980.

By Order of the Board.
J. M. D. Cooper.
Secretary.

9 May, 1980.

Q. P. CORPORATION
(Q. P. Kabushiki Kaisha)

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDR's")

EDR holders are hereby informed that copies of the Annual Report and Consolidated Accounts of Q. P. Corporation for the year ended 30th November, 1978 are now available at the offices of the Depositary, 20, Fenchurch Street, London EC3P 3DB and at the Agent, Banque Generale du Luxembourg S.A., 14 rue Aldringen, Luxembourg.

KLEINWORT, BENSON LIMITED.
Depositary.

London.
9th May, 1980.

NATIONAL BANK OF HUNGARY

8½% BONDS 1981

Morgan Grenfell & Co. Limited hereby gives notice that $752,000 nominal Bonds of the above Loan have been purchased in part satisfaction of the redemption instalment of $5,000,000 due 30th June 1980. In accordance with the Conditions of the Issue of the Bonds, a drawing for the balance of $4,248,000 nominal Bonds will therefore take place and a list of the Bond numbers drawn will be subsequently published.

THE ROYAL BANK OF SCOTLAND LTD.

US$30,000,000 FLOATING RATE CAPITAL NOTES 1983

For the interest period May 9, 1980 to November 10, 1980, the Notes will carry a rate of interest of 11⅞% per annum. Interest for the period will amount to US$58.73858 per Note, which will be payable on November 10, 1980, against presentation of coupon No. 9.

The payment date and dollar amount stated may be extended without notice in the event of an extension or shortening of the interest period.

KREDIETBANK
S.A. Luxembourgeoise,
Principal Paying Agent

Copies of the Annual Report and Account of The Royal Bank of Scotland Limited can be obtained from their Offices at 62 Lombard Street, London EC3P 3DE.

MATHESONS INVESTMENTS LIMITED
7½% Convertible Unsecured Loan Stock 1987/92 (The "Loan Stock")

Subject to the passing at the Extraordinary General Meeting of Jardine, Matheson & Co., Limited ("Jardines") to be held on 18th June, 1980 of the resolution to effect the proposed free scrip issue of 3 stock units for every 20 stock units held, the conversion rate of the loan stock will be adjusted from HK$287.10 to HK$330 in the nominal amount of ordinary share capital for every GB$100 nominal amount of loan stock converted. Thus GB$100 nominal of loan stock will be convertible into 55 ordinary stock units of Jardines.

The adjusted conversion rate will, subject as aforesaid, be effective from 28th April, 1980.

Jardine Matheson & Co., Limited.
K. W. Young.
Company Secretary.

Hong Kong.
30th April, 1980.

JARDINE MATHESON & CO., LIMITED
7½% Convertible Subordinated Unsecured Loan Stock 1980 (The "Loan Stock")

Subject to the passing at the Extraordinary General Meeting of the Company to be held on 18th June, 1980 of the resolution to effect the proposed free scrip issue of 3 stock units for every 28 stock units held. The conversion rate of the loan stock will be adjusted from HK$26.40 to HK$30.40 in nominal amount of ordinary share capital for every HK$100 nominal of loan stock. Thus, the effective conversion price for new stock units arising on conversion of the loan stock will be HK$19.7e per stock unit resulting in the issue of 5 new stock units and a small cash payment for HK$100 nominal of loan stock.

The adjusted conversion rate will, subject as aforesaid, be effective from 28th April, 1980.

By Order of the Board.
K. W. Young.
Company Secretary.

Hong Kong.
30th April, 1980.

NOTICE OF PURCHASE
EUROPEAN INVESTMENT BANK
7.25% YEN BONDS of 1977.
DUE MAY 1, 1984

NOTICE IS HEREBY GIVEN to bondholders that pursuant to the terms and conditions of the Loan, Daiwa Europe N.V., Amsterdam, as purchase agent for account of European Investment Bank, has purchased:

—during the six-month period following May 1, 1979, Yen 700,000,000.—principal amount of such Bonds on account of the twelve-month period which ended April 30 1979.

—during the twelve-month period commencing May 1, 1979, Yen 700,000,000.— principal amount of such Bonds on account of the twelve-month period which ended April 30, 1980.

As of May 1, 1980, the principal amount of such Bonds remaining in circulation was Yen 8,600,000,000.—

EUROPEAN INVESTMENT BANK
May 9, 1980.

M. L. HOLDINGS LIMITED

8¼% DEBENTURE STOCK 1988/1993

NOTICE IS HEREBY GIVEN that the Transfer Books and Registers of Members will be CLOSED from the 22nd May, 1980 to the 9th June, 1980, both dates inclusive.

By Order of the Board.
A. P. SMITH, Secretary.

LEGAL NOTICES

No. 001770 of 1980

In the HIGH COURT OF JUSTICE Chancery Division Mr. Registrar Bradburn. In the Matter of SUN VALLEY POULTRY LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that by an Order dated the 2nd May, 1980 made in the above matters the Court has directed a Meeting of the holders of the "B" Ordinary Shares of £1 each in the above-named Company (hereinafter called "the Company") other than the Retained Shares (as defined in the Scheme of Arrangement referred to below) to be convened for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and the holders of (i) its "A" Ordinary Shares of £1 each; (ii) its "B" Ordinary Shares of £1 each other than the Retained Shares; and (iii) the Retained Shares and that such Meeting will be held at the Green Dragon Hotel, Broad Street, Hereford on Monday the 2nd day of June 1980 at 12.05 o'clock in the afternoon (or as soon thereafter as the Annual General Meeting of the Company convened for the same day and place shall have been concluded or adjourned) at which place and time all the holders of the said "B" Ordinary Shares are requested to attend.

Any person entitled to attend the said Meeting can obtain copies of the said Scheme of Arrangement forms of Proxy and copies of the Statement required to be furnished pursuant to Section 207 of the above-mentioned Act at the registered office of the Company situate at Shobdon, Leominster, Herefordshire and at the office of the under-mentioned Solicitors at the address mentioned below during usual business hours on any day (other than a Saturday or Sunday or Public Holiday) prior to the day appointed for the said Meeting.

The holders of the said "B" Ordinary Shares may vote in person at such Meeting or they may appoint another person whether a Member of the Company or not, as their proxy to attend and vote in their stead.

It is requested that forms appointing proxies should be lodged with the Company at its registered office, Shobdon, Leominster, Herefordshire not less than forty-eight hours before the time appointed for the said Meeting, but if the forms are not so lodged they may be handed to the Chairman at the Meeting.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Company.

By the said Order, the Court has appointed Lieutenant-Colonel Uvedale Corbett, or failing him, Lieutenant-Colonel Edward Courtenay Phillips to act as chairman of the Meeting and has directed the chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated this 7th day of May, 1980.
Ryland, Martineau & Co.,
41, Church Street.
Birmingham B3 2OY.
Solicitors for the Company.

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF MARSHALL SELLARS ASSOCIATES LTD.
(In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act 1948 that a General Meeting of the Members of the above named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, on Tuesday, 27th May, 1980, at 10.15 a.m. to be followed at 10.30 a.m. by a General Meeting of the Creditors for the purpose of receiving an Account of the Liquidator's Acts and Dealings and of the conduct of the Winding-up to date.

Dated this 2nd day of May, 1980.
B. MILLS.
Liquidator.

C. H. OBERMAN & CO. LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act 1948, that a Meeting of the creditors of the above named Company will be held at the offices of LEONARD CURTIS & CO., situated at 3/4 Bentinck Street, London W1A 3BA, on Tuesday, the 13th day of May, 1980 at 12 o'clock midday, for the purposes provided for in Sections 294 and 295.

C. OBERMAN.
Director.

Dated the 25th day of April 1980.

THE COMPANIES ACTS 1948 TO 1976
BENLODGE LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Lawrence Woolfson & Co., Oxford House, 9/15, Oxford Street London, W.1, on Tuesday, the 20th day of May 1980, at 11.45 o'clock in the forenoon, for the purposes mentioned in section 294 and 295 of the said Act.

Dated this 2nd day of May 1980.
By Order of the Board.
MALCOLM ANTHONY LEVESON.
Director Secretary.

ANNOUNCEMENTS

On May 12th 1980

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will move to

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COMPANY NOTICE

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books relating to the Ordinary Shares and "A" Ordinary Shares (restricted Voting) of the Company will be closed from the 20th May to the 3rd June 1980, both dates inclusive.

By Order of the Board.
G. T. LOWNDES. Secretary.
71-78 Victoria Street.
Wolverhampton.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

AFTER YEARS of head-scratching over the extraordinary—and extraordinarily successful — management practices of their thrusting Japanese competitors, several major companies in the U.S. and Europe have now begun to "borrow" some of the less inscrutable systems and styles, adapting them to suit their particular environment.

Particularly intense interest has been focussed on the way Japanese companies have succeeded in bringing the quality and reliability of their products up to such a high standard—in many cases ahead of their Western competitors.

During the past 12 months the limelight has been stolen by the increasingly popular Japanese practice of breaking the shop floor into small teams of workers, in a limited form of worker participation, to compose "quality control circles." (See this page, August 24, 1979 and March 11, 1980).

The best-known practitioner of this system in the U.S. is Lockheed, the aerospace group. Its British supplier, Rolls Royce, has also begun introducing it. Now, Ford of Europe has revealed an unparallelled European commitment to the concept; by the end of this year all its 25 manufacturing and assembly plants are expected to have their own "quality circles," involving all 140,000 shop floor employees. The system has been introduced extremely rapidly; it was only last October that its first "QC" circle was established, but even so, the company still has to get through a massive *training programme.*

Ford is also borrowing another Japanese approach: it is introducing some features of a system which has in-time "—system which has enabled Japanese motor companies to cut stock and work-in-progress to the bare minimum.

Ford brings home some Eastern philosophy

Kenneth Gooding examines Ford's experience with QC circles . . .

IT IS not surprising that Ford should try to borow ideas from the Japanese. The Western car industry has the lead over Japan in technology — both that incorporated in its products and that used in production processes. But the Japanese have the edge when it comes to quality and reliability: and a long lead in labour productivity.

One of the elements in the Japanese success is obviously the way the workforce is motivated and its talents tapped.

The "quality circle" not only encourages participation, it also harnesses the experience of the production worker—experience which Rolls Royce describes as "the gold in the mind."

In the Japanese version, "quality circles" are small groups of workers led by a foreman who takes a very large responsibility for quality control in each department. The circles meet to discuss suggestions on quality, plant layout, process imprvements, problems with the job, ways of reducing scrap or waste, in fact virtually anything that contributes to a better product.

Ford is following this theme fairly closely. Each of its circles includes no more than 15 people —10 is the preferred total—and seven or eight of them are from the shop floor. There is a leader—a foreman or superintendent—and someone from the quality control department.

One of the reasons for the addition of the latter is that in the West problem-solving and quality control is traditionally the responsibility of departments divorced from the shop floor, whereas in Japan the production worker is much more responsible for checking the quality of his own work before it moves on down the line.

Ford's experienced quality control engineers will continue to have a vital role to play, not least in liaison with suppliers.

Another difference from Japanese practice is that plant managers have been advised that they can hold the "quality circle" meetings during a period of paid overtime, rather than in the workers' own time. That way the day-to-day pressures are off the leader (the foreman) and he can relax. An informal atmosphere is important. The participants are also there by invitation—there is no compulsion.

Although informality is the rule, the sessions have a fairly rigid structure. For the first half-hour some specific items are dealt with. The next quarter of an hour is opened up for wider discussion and the session ends over a cup of tea, at which time there should be complete informality.

"I believe that the quality circles can cover many other issues rather than just quality. They are a medium for communication," says Stanley Williams, the director of manufacturing for Ford of Britain and vice-president of Ford of Europe's power train operations. "An employee can talk about anything that stops him doing his job in the best way he can."

For example, at a recent meeting of a quality circle made up of employees from the crankshaft line at Ford's new engine plant at Bridgend, the conversation included, among others, the following subjects: dimensional and metallurgical properties of the component: scrap: "first-time capability" (Ford's phrase for the chances of getting the job done correctly the first time); and machine cycle times.

Ethnic groups

Each quality circle will meet for at least one hour each month. In the early days conversation has tended to bounce backwards and forwards from the superintendents who have initiated the meeting. As time goes by Ford expects that all the members of each circle will be involved in a general discussion so that a "circle viewpoint" can be developed and, where necessary, be put forward to management.

Ford in Britain has already found that the circles present a much better method of communicating with the various ethnic groups employed at the plants. A videotape of one circle in action shows a group including West Indians, Asians, and a Spaniard, as well as Cockneys from the Dagenham engine plant.

"We now know that some of the posters we put up, and which management thought were so clear, obviously meant different things to different ethnic minorities," says Williams.

This does raise an important issue. In Japan the workforce is all-Japanese, young and adaptable, relatively well-educateda nd well-equipped to contribute to the discussion.

For example, at Toyota, Japan's largest motor group, 800 of the 1,000 or so shop floor newcomers hired each year are high school graduates of 19 and the remainder are junior high school graduates aged 16 who are then given four years' technical training before being introduced to the assembly or production lines. The average age of plant employees at Toyota is 27 while it is 40 at Ford of Britain and 37 at Ford of Germany.

Williams brushes aside any suggestion that European shop floor employees would have little to contribute to a debate because they lack the right background. A lack of formal education does not necessarily mean that a person is unintelligent, he insists.

"The majority of Ford's shop floor employees are intelligent and they know nearly all there is to know about their own particular part of the operations even though their horizons may be narrow. Give them the incentive and they will bring their perception to bear on the problems."

Perhaps the most important factor contributing to the success of quality circles in Japan has been the Japanese work ethic, which can be briefly summed up in the old phrase: "The Japanese live to work, while employees in the West work to live." The Japanese centre their lives on work, even to the extent of rarely taking their complete holiday entitlement.

In that type of environment the concept that an employee should give up part of his spare time for the quality circle debates is accepted without question. So, too, is the idea that each member of each circle should contribute a certain minimum number of suggestions every year.

In its limited experience so far, Ford has found that the introduction of quality circles has been greeted with some enthusiasm. There must be doubts, however, about whether the initial enthusiasm can be sustained among workers who, unlike their Japanese counterparts, certainly do not see themselves as part of the compaoy "family."

In this context the follow-up to the quality circle sessions will be of great importance. If the company is seen to be taking serious note of suggestions and coments made at the meetings, and implementing changes when necessary, it will do must to convince the employees that their contributions *really* are wanted.

And even if the meetings simply allow an employee to briog into the open those little niggles about his job which can be so aggravating, the chances are that the quality circles will contribute beneficially to that difficult-to-define area, job satisfaction.

Ford recognised that it must do some training if the quality circles were to work properly. In the early stages the "initiators" of the meetings—superintendents and foremen—have received training in communication techniques. It is hoped that they can pass on that training to other members of the groups by example and direct help.

Coincidentally with the introduction of quality circles, Ford has also restructured its trainee foreman programme to make better use of the talent available on the shop floor. That programme will include training in quality circle techniques.

Ford stresses that the main aim is to improve the quality of its products—even though it already had a highly complex quality control system—and to give the person who does a particular job more of a change to influence how that job can best be done. There are times, however, when substantial savings will arise as a result.

Ford still encourages employees to use the company's suggestion scheme which involves financial rewards for money-saving ideas, even though they might first be brought up in general discussion within the quality circles.

It can already point to a 2½ to 3 per cent reduction in scrap levels on one compooent at its new engine plant at Bridgend because of suggestions made within the quality circles there. The problem would eventually have been spotted under the old systems—but not so early.

There will be other occasions, however, when the group will have to spend money to follow through quality circle suggestions. And, as Williams points out in a reference to the fact that the quality circle meetings can be held in periods of paid overtime, "we are clearly spending money on which there is no obvious or quantifiable return on investment."

So those UK companies which have made something of a feature of the money-saving aspect of quality circles could well find they have made a tactical mistake.

. . . and with a new stock control system

THE SECOND Japanese procedure on which Ford has decided to draw is the Kanban or "just in time" system of stock control.

The Kanban concept was first developed by Toyota and has been adopted throughout the Japanese motor industry. The idea is that supplies of components, sub-assemblies and so on are "pulled" through the manufacturing and assembly process because nothing can be produced unless the command is given by the user next along the line. It follows that ultimately it is final assembly line which commands the flow of material, components and assemblies through the system.

In comparison, the Western motor industries protect final assembly as much as possible from potential bottlenecks in supply or quality control problems by building substantial buffer stocks into the supply system.

The discipline involved in the Kanban system is that those bottlenecks and other problems are identified and dealt with as buffer stocks are gradually run down to a bare minimum. In Japan it has meant that manufacturing operations have had to be planned to give the necessary flexibility. For example, most Japanese motor companies have more component capacity than associated assembly capacity.

The system incorporates fool-proof guarantees that all components and so on are of the right quality, and arrive in the right quantity. The assembly line comes to a halt if that is not the case.

Kanban means something like "sign post," and can be represented by a formal computer card from assembler to customer or, within a factory, anything which might clearly indicate the type of component and quantity required — coloured golf balls are used in one Toyota plant.

In crude outline the process works like this. The assembly line calls for a gearbox. The gearbox plant takes one from its tiny buffer stock, removes the Kanban and passes it back to the gearbox assembly line. Now that it has the go-ahead to make another gearbox, the assembly line begins to draw components from its own small stocks. The various Kanbans go back to the machining lines which now have the authority to make the components in question.

The process requires very frequent supplier deliveries and complete trust in the supplier, because there is no time to make any inspection or verification that the right quantity has arrived, or to go through the documentation processes which usually go with them.

Material is delivered directly to the point of use on the line without warehousing, storage or rehandling. So all material is "packaged" in containers which can be handled by workers without power equipment.

This is one aspect in which the Japanese system obvously goes too far for Western companies. For example, paint is delivered to car assembly plants in 18 litre cans, an amazingly small quantity.

It also involves the majority of suppliers to be within an hour's journey of the plant they are supplying, and reading their own large fleets of small trucks dashing about with frequent consignments — another aspect of Kanban which is not suitable in the West.

The concept originated because space is at a premium in Japan and is very expensive. The idea was to get rid of the storage space taken up by buffer stocks, which can account for up to one-third of the arae in a car assembly plant.

Vulnerable

The aspect os which Ford, and other Western companies, are more interested is that if stocks and work in progress are cut back, so is the cost of financing them.

That is why Ford "is using the philosophy of the Kanban concept but not the system," according to Mr. Williams. "It involved us studying al laspects of stock planning and revising them."

Some features of the Kanban approach were adopted in earnest only at the beginning of the year, but to give an example of the impact, one area of Ford's operations has already cut its stock values appreciably.

Does this not mak e Ford particularly vulnerable in any dispute with the unions? Mr. Williams replies: "If you build up stocks of 95 out of 100 components you need for assembly you usually find that something in that final 5 per cent will eventually bring the line to a halt if there is a long dispute. Stockpiling sometimes gives you less security than it appears to."

Ford is making production changes where it can give the extra flexibility demanded by the Kanban philosophy. But in Japan the total system relies on the complete flexibility of labour within plants. Japanese machines keep going because the operators do minor running repairs instead of calling in outside assistance — the procedure necessitated in the West by job demarcation lines.

Japanese plants planned to work only two machining shifts a day, compared with three normally planned in Europe. This gives room for manoeuvre because there can always be a third shift if it is necessary to catch up with a long, unscheduled break in production.

Ford would not be able to change the nature of an operators duties at its plants without negotiating with the unions, because this obviously affects the terms and conditions of an employee's work.

So far, however, the company has been able to argue that neither quality circles nor its adoption of the Kanban philosophy are matters which require formal consultation with the unions. However, if Ford wishes to adopt other working practices which give the Japanese industry the extra flexibility it enjoys on the shop floor, it would have to consult the unions.

LOMBARD

Perhaps it is a moral issue

BY ANTHONY HARRIS

THE GENERAL enjoyment of the Hunt saga is a sentiment I thoroughly share. It fully meets my definition of classic comedy—tragedy with a happy ending. The Gods have deployed their standard armoury of hubris followed in due course by nemesis, but for once in a cheery cause. What is more, I can add the spice of a minuscule personal involvement, thanks to an invitation to join a radio discussion of the affair. To my astonishment and contempt, the broadcasters were giving quite serious airtime to the absurd rumour that the whole affair was just a deep ploy by the Hunt brothers to get more silver cheap.

Credulity

Now the point of this anecdote is not to rub salt into the financial wounds of the Hunt brothers. That task can be left in the safe hands of Mr. Paul Volcker. The point is the British psychology displayed by those very British BBC producers, and the very different psychology of Mr. Volcker himself.

The credulity required to take the deep-laid-plot rumours seriously is only too familiar in this country; it is the soft-headedness of those who have indulged themselves too freely in the pornography of money. These poor cloth-brains, in their "I love JR" T-shirts, reach a state of abject worship of the rich in which they can hardly believe that a very rich man can come unstuck. It is perhaps a sign of our decadence, perhaps just a symptom of an economy in which financial manipulation seems to be the only road to fortune. In a more robust age we sent Horatio Bottomley to jail. Now the speculative financial colums dream of the come-backs of our latter-day Bottomleys.

And what does our central bank have to say about all this? Not nearly enough. It has ceased long since to be a silent institution, imposing responsible standards through nods, winks and tea-parties—though this kind of invisible discipline does of course persist. Official speeches are now frequent events, and the thunderbolts from Threadneedle Street fall upon the bemused heads of Ministers, trade unionists and industry.

For the economy at large, we are presented with the Governor as Chief Scout. I cannot, however, remember a single speech which dwelt on the risks of speculation, the unwisdom of credit to finance it, or even did much to rub in the moral of those speculations which have come unstuck. On the contrary, the Bank is now lending a benevolent hand in moves to set up a financial futures market in London.

Contrast the conduct of Mr. Volcker, that model of a modern central banker. Having imposed a credit policy which is tight in good earnest, spreading dismay and potential bankruptcy among the speculators, he has coupled his rescue package for the Hunt brothers with a ban on the use of the loans to finance speculative operations by them in any market. This is in line with the general Fed directive against lending to finance speculation.

Now it is true that the Fed and the Bank of England apply exactly the same sound rule in mounting rescues: innocent depositors must be protected, but shareholders are allowed to suffer. If you were to conclude that what I am trying to discuss is quite largely a matter of moral tone, I would plead guilty, and without shame. However, it has its technical side

Better result

Why is it, for example, that a credit squeeze in the U.S. produces acute financial pain as its *first result*, while a *similar* operation here leads to huge financial profits? It is because the Fed has actually ansured that the financial system should remain "crunchy," as Mr. Henry Wallich puts it, discouraging floating-rate finance, for example. The Fed evidently believes that a frightened banking system will be more wholehearted about credit restraint, when that is needed, than a system enjoying record profits.

The Bank of England, by contrast, instinctively over-protects the system it supervises, placing the "stability of markets" well ahead of their responsiveness to discipline. It is all part of a generally approving and sometimes sanctimonious attitude. The American populist distrust of speculators, and indeed of bankers, seems to produce better economic result. Perhaps it is a moral issue.

Drive to recover prosperity on dockside

BY ANTHONY MORETON

AROUND BRITAIN

FLEETWOOD

THERE WAS a time when Fleetwood was one of Britain's leading fishing ports, but those times have long gone. Its fleet, and its prosperity, was based on the distant waters of the Arctic and to a great extent on cod. With the closure of much of those waters to Britain and the increased competition from France, Denmark, Spain and Germany in the middle waters the fishing industry in the town reeled under the succession of blows from which it is only just beginning to emerge.

There are still a couple of big stern trawlers using the port but they are looking for catches nearer home. The middle water fleet is very small, probably about 15 vessels, and only the inshore fleet is at all prosperous.

Ironically, getting on for half the catches landed in the dock and handled by its new sheds come from ships flying foreign flags.

The peak of post-war prosperity in the fish dock was 1965, when 48,000 tons were landed; last year that figure had fallen to 18,000 tons. Ironically some of the inshore skippers are doing rather well at the moment. Those who received golden handshakes after their cod days were over and bought small boats to work themselves have maintained their prosperity. Today there are a total of 65 inshore boats registered

The docks themselves belong to the British Transport Docks Board and just over a year ago it moved in a new young manager, Mr. David Nixon, to beef up trade. The groundwork had been done for him: new sheds for the fish market, new equipment to unload the fish, and new trades in the Wyre dock which handles the general cargo of scrap, grain, timber and other general bits and pieces which use small ports.

On top of this a roll-on/roll-off terminal to handle trade with Ireland had been opened

No sooner had Mr. Dixon, originally a graduate management trainee with British Rail and later manager of London's motor-rail terminal at Olympia, arrived than the Fleetwood Fishing Vessel Owners' Association found itself in the most dire trouble.

Just at the point where the association was about to go into liquidation the council stepped in with a loan on very favourable terms and two new companies were set up to run the business. One consequence was that equipment, some of the most advanced in the country for unloading fish, was bought from Canada. Instead of being manhandled, the fish is now sucked out through a tube in the same way that grain is discharged from the hold of a bulk-carrier.

One of Mr. Dixon's tasks is to build up not only the fishing side but also the general trade and here he is helped by a small speciality which Fleetwood has been cultivating—scrap metal.

A dockside company has built up a good trade in cutting up iron and steel goods—largely cars, some ships but also smaller items. The scrap is then exported to Italy and France for use in their steel mills.

Scrap exports last year reached 88,000 tons; this year the port has handled 40,000 tons in the first quarter alone. Together with grain imports from the Continent for animal feedstuff and timber from Scandinavia Mr. Dixon managed a net profit of £6,000 on a turnover of £2.4m. Small enough, but at least there have been profits in three out of the last four years after talk in the mid-1970s of closing the port.

Mr. Dixon admits the docks are under-used and has plans to improve this. He would, for instance like to see a freezer plant built to make better use of the fish landed. He also believes the port to have the best facilities to cater for any offshore oil or gas exploration in the Irish Sea.

Meanwhile he takes comfort from the growth of the ro-ro terminal, used by B+I Line and P and O for services to Ireland. Last year 122,000 lorries carrying over 1.5m tons of goods went through the port. He hopes to achieve full capacity of 150,000 vehicles before long.

A RO-RO second berth will soon be needed, but the main problem is lack of back-up land to park the trailers. Studies are going on to see if land can be reclaimed from the river without sending dredging costs to uneconomic levels.

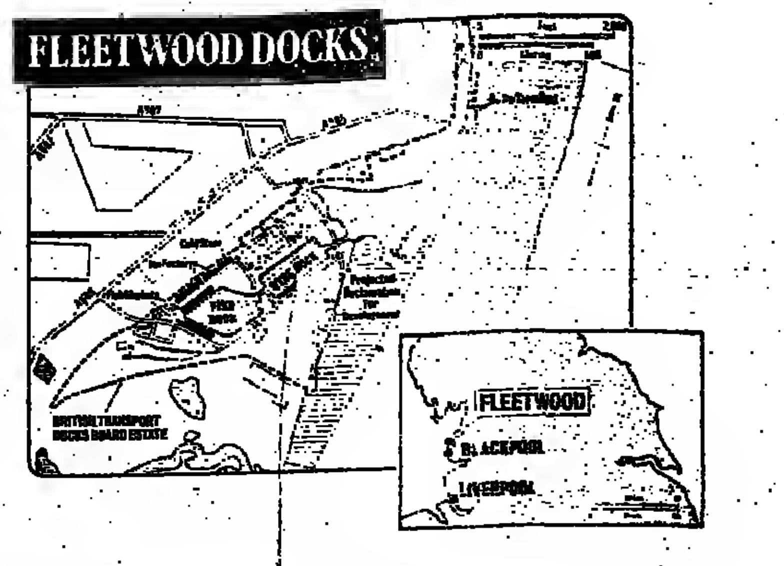
These developments have helped to prevent too serious a decline in the docks and to keep the number directly and indirectly employed at about 2,500. The docks are no longer the largest single employer in the town. That distinction is held by ICI which employs some 3,000 at a plant producing vinyl chloride and caustic soda. However unemployment locally hovers above the national average at 8 per cent, sufficiently high to save the town's intermediate area status in the rethink of regional policy initiated by Sir Keith Joseph's Industry Department last summer.

The town is fortunate in having been allocated three government advance factories—now let—and is in the process of building four itself. Its big disadvantage is that land for industrial purposes is in short supply given the attractive nature of this part of the Fylde coast and there are worries that the Government's restrictions on capital spending could prevent further construction of advance factories.

The Government's preferred solution — to attract private capital—may be realistic in Manchester or Liverpool but it is a different matter altogether for a largely rural authority like Fleetwood. Ironically, demand for small factory units is strong just as it looks as though their construction may be curtailed.

If Fleetwood is to recover its prosperity, then this will have to come from where much of it originated, in the docks. That is why great responsibility rests on the decisions of David Dixon.

FLEETWOOD DOCKS



Gift Wrapped to pay dividends

RACING

BY DOMINIC WIGAN

COPT HALL ROYALE, the only one of seven in today's Johnnie Walker Oaks Trial at Lingfield to figure in the Epsom Oaks betting, seems sure to make a bold bid to add to her recent Aimers Coffee Stakes win at Ascot.

John Winter's filly put up a highly encouraging display there. Despite looking considerably more backward than most of her 13 rivals, the bay daughter of the Royal Palace mare, Sauce Royale, battled on tenaciously close to home to land the £4,000 prize.

Copt Hall Royale, a disappointment when heavily backed at Salisbury on her racecourse debut in September, subsequently showed good speed on her only other juvenile appearance before tiring to finish fifth of 10 behind Nabane over seven furlongs at Leicester.

This afternoon, Copt Hall Royale, whose dam is half sister to Sauceboat, may well add this Group 3 prize to her Ascot winnings; but with the Aimers Coffee Stakes form having not worked out well I believe it could pay backers to take a chance with another Newmarket runner, Gift Wrapped. This daughter of Wolver Hollow ran well for a long way in the William Hills Cheveley Park Stakes last autumn and would have improved on her eighth place in the 1,000 Guineas had she not been squeezed for room racing into the Dip.

Belfast bookmakers Sean Graham will have to reshuffle drastically their prices for the Irish 2,000 Guineas. They had been betting 7-4 Posse, 7-2 Nikolai, 9-2 Huguenot, 10-1 Noble Shamus and 14-1 bar.

Vincent O'Brien has now decided to saddle Monteverdi and it has also been announced that Final Straw and Last Fandango will be in the field.

I shall not be surprised to see Monteverdi again starting favourite for a major event and Final Straw, who got no sort of a run in the English equivalent, is also likely to be much in demand.

LINGFIELD

2.00—Sunfield
2.30—Solar Honey
3.00—Gift Wrapped***
3.30—Tru Mar*
4.00—Sardine**
4.30—Mistress Medina

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.10 pm Dechrau Canu, Dechrau Canmol. 12.45 News. 1.00 Pebble Mill at One. 1.45 Camberwick Green. 2.02 For Schools, Colleges. 3.53 Regional News (for England (except London). 3.55 Play School. 4.20 Baggy Pants and the Nitwits. 4.40 The Red Hand Gang. 5.05 In The Limelight with Lesley. 5.35 Captain Pugwash.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 It's A Knockout.
7.50 Citizen Smith.
8.20 The Sun Trap.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 Rosie (London and South East only).
10.45 Regional, National News.
†10.50 The Late Film: "Zorba The Greek," starring Anthony Quinn.

All Regions as BBC 1 except as follows:

Cymru / Wales — 1.45-2.00 pm Bys A Bawd. 4.20 In The Limelight with Lesley. 4.45 Babol Bach. 5.05-5.35 God's Wonderful Railway. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20 Pobol Y Cwm. 7.50-8.20 Plant Y Paith. 9.25 It's A Knockout. 10.15 Music Makers. 11.15 News for Wales. 11.16 Starsky and Hutch. 12.06 am Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 The Jazz Club with Apex Jazz Band. 10.45-10.50 Regional, National News. 1.15 am News Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Weekend; Midlands (Birmingham) Straight Talk; North (Leeds) The City That Couldn't Lose; North East (Newcastle) Mike on Friday; North West (Manchester) Voices from the Past?; South (Southampton) Report South; South West (Plymouth) The Concert Party; West (Bristol) Movie Magic.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.15 pm Racing from Lingfield Park.
3.45 Table Tennis: Norwich Union Masters.
4.50 Open University.
6.55 Gardeners' World.
7.20 Mid-Evening News.
7.30 "War Requiem," by Benjamin Britten (simultaneous with Radio 3 stereo).
9.00 Vikings.
9.30 Table Tennis.
9.55 Playhouse.
10.50 Newsnight.
11.30 Grapevine.
†12.00 The Outer Limits.

LONDON

9.30 am Schools Programmes. 11.55 Beany and Cecil Cartoon. 12.00 Songbook. 12.10 pm Once Upon a Time. 12.30 Moneywise. 1.00 News plus FT Index. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 After-Noon Plus. †2.45 Friday Matinee: "Broken Journey." 4.15 The Boy Merlin. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Play Your Cards Right.
7.30 The Cannon and Ball Show.
8.00 Miss Great Britain 1980.
9.00 The Gentle Touch.
10.00 News.
10.30 Who'll Win The Cup?
11.00 The London Programme.
11.45 Police 5.
11.55 Luke's Kingdom.
12.50 am Close: Personal choice with Denise Coffey.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 We Never Do What They Want. 5.15 Sharp Intake Of Breath. 6.00 About Anglia. 10.30 7 Days. 11.00 Who'll Win The Cup? 11.30 Friday Late Film: "Someone I Touched." 12.50 am Your Music At Night.

ATV

1.20 pm ATV Newsdesk. 2.45 The Royal Windsor Horse Show. 5.15 Happy Days. 6.00 ATV Today. 11.00 ATV Newsdesk. 11.05 The James Stewart Star Movie: "No Highway In The Sky."

BORDER

1.20 pm Border News. 2.45 House Party. 3.15 We Never Do What They Want. 5.15 Fangface. 6.00 Lookaround Friday. 6.30 You're Only Young Twice. 11.00 Friday Night Movie: "Crucible of Terror." 12.35 am Border News Summary.

CHANNEL

1.20 pm Liberation. 2.45 Royal Windsor Horse Show. 6.00 Channel News Headlines. 6.05 Les Trois Cloches. 6.30 Ladies First. 11.00 One Man's Music. 11.20 TV Movie Premiere: "Scream of the Wolf."

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 The Royal Windsor Horse Show. 6.00 North Tonight and Area Weather Forecast. 6.35 The Lost Islands. 10.30 Reflections. 10.35 "Dirty Money." 12.30 am North Headlines followed by Road Report.

GRANADA

11.50 am The Bubblies. 1.20 pm Granada Reports. 2.00 Live From Two. 2.45 Friday Matinee: "The God Boy." 5.15 Granada Reports. 6.00 Granada Reports. 6.30 This Is Your Right. 11.00 Soap. 11.30 House of Horrors.

HTV

1.20 pm Report West Headlines. 2.45 The Friday Matinee: "Cheaper by the Dozen." 5.15 A Sharp Intake of Breath. 6.00 Report West. 6.30 Emmerdale Farm. 10.30 Report Extra. 11.00 Who'll Win The Cup? 11.30 Twist in the Tale.

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.48-11.08 am Cymru A'r Mor. 11.55-12.10 pm Mistar Clai. 1.20 Penawdau Newyddion Y Dydd 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur A Champ. 5.15-5.45 Noah's Castle. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 As As London Region. 11.00-11.55 Vegas.

SCOTTISH

1.20 pm News and Road and Weather. 2.45 The Royal Windsor Horse Show. 5.15 Mork and Mindy. 6.00 Scotland Today. 6.30 Emmerdale Farm. 10.30 Ways and Means. 11.00 Late Call. 11.10 Late Night Movie—"The Violent Ones."

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 We Never Do What They Want. 5.15 Happy Days. 6.00 Day By Day 6.00 Scene South East (South East Area only). 6.30 Out of Town 10.30 Southern News Extra. 10.35 Opinions Unlimited. 11.05 Who'll Win The Cup. 11.35 Soap. 12.05 am The Late, Late Show: "The Fly."

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.45 The Royal Windsor Horse Show. 5.15 Happy Days. 6.00 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 Friday Live. 12.00 Who'll Win The Cup. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.45 The Royal Windsor Horseshow. 4.13 Ulster News Headlines. 5.15 Mork and Mindy. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 11.00 Witness. 11.05 Friday Film: "Foreign Exchange." 12.25 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 The Royal Windsor Horse Show. 6.00 Westward Diary. 10.28 Westward Late News. 11.00 Sportsline. 11.20 TV Movie Premiere: "Scream of the Wolf." 12.40 am Faith for Life. 12.45 West Country Weather and Shipping Forecast.

YORKSHIRE

11.55 am The Bubblies. 1.20 pm Calendar News. †2.45 Friday Film Matinee: "The Whole Truth." 5.15 *Take My Wife*. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport Special. 11.00 The Friday Night Film: "The National Health."

RADIO 1

(S) Stereophonic broadcast.

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S), including 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). 8.02 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Marks In His Diary. 10.30 The Organist Entertains. 11.02 Peter Clayton with Round Midnight, including 12.00 News and 12.00 Sports Desk. 2.02-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Grieg (S). 9.45 Young Artists Recital (S). 10.40 Music of the Golden Age (S). 11.30 Bernicia Ensemble (S). 12.10 pm Beethoven and Schumann concert, part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 1.40 Milhaud Across the Years (S). 2.25 Aeolian String Quartet (S). ... (S). 4.05 Youth Orchestras of the World (S). 4.55 News. 5.00 Mainly for Pleasure (S) († and mono only from 6.20). 6.55 Play It Again. 7.00 "Horror, Most Horror!" (talk by Jerzy Peterkiewicz). 7.30 "War Requiem" by Benjamin Britten (simultaneous with BBC-2 television) (S). 9.00 Lord Denning (talk by Professor Jeffrey Jowell). 9.20 Ibert chamber music (S). 9.30 To Burn A Heretic . . . ? (Hans Kung: discussion). 10.30 Tchaikovsky (S). 11.00-11.05 News.

VHF only—6.00-6.50 am and 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 Down The Garden Path. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Real Evidence (Computer crime). 11.05 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.10 Outside Chance. 4.40 Preview. 4.45 Short Story. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile: Edwin Busby. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.35 Week Ending (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 A Talent To Amuse with J. W. Lambert. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 2.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Mike Smith (S). 12.00 Dave Cash (S). 1.00 pm London Today First Report (S). 1.10 Dave Cash (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Party Pieces (S). 7.45 Adrian Love's Open Line (S). 9.00 Nicky Horne's "Mummys' Weekly" (S). 11.00 Mike Allen's Late Show (S). 2.00 am Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,268

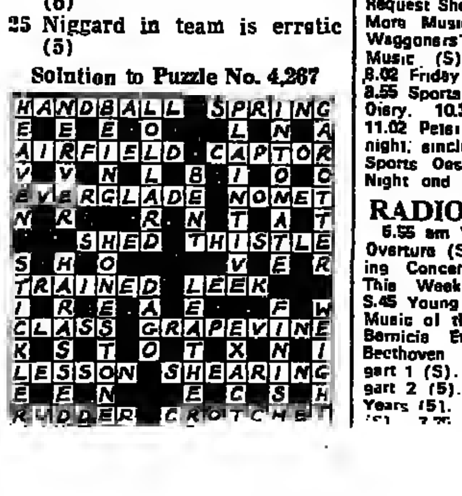
ACROSS

1 Grub to provide food for column (11)
7 and 28 Divulge it's material to consume (6)
9 Warrant Officer returned and ran around tree (5)
10 Wept with bore in a futile hope (4-5)
11 Keep on striving by means of very strict following (9)
12 Fisherman's basket caught with his line holder (5)
13 Meeting to swindle with diplomacy (7)
15 Bird returned a small quantity (4)
18 The way a ringleader may become a leading performer . . . (4)
20 . . . needs 13 to face time-keeper (7)
23 Putting the French in vehicle could be obvious (5)
24 Without thought at night for peculiar male in dress (9)
26 Nerve required if airman appears in test (9)
27 Waves for ship's company from the south (5)
28 see 7 Across
29 Planetary disturbance, or rather met in confusion (5-6)

DOWN

1 Shell giving vehicle a speed (8)
2 Very high and pulling without hesitation (6)
3 Get up about noon and wash (5)
4 Money advanced making little devil pause (7)
5 See what a person's saying (3-4)
6 Framing communist movement (9)
7 Smoking jacket? (6)
8 Small swelling politician found in a fortune (6)
14 Change neat arrangement every second (9)
16 Agreed with spirit that's often beaten (4-4)
17 Young girl receiving direction in car to create hostility in social ranks (5-3)
19 More bloody fish—that is right (7)
20 Purloin half of them in furtiveness (7)
21 She must accept feline to scorch with invective (6)
22 Oppose sister being upset (6)
25 Niggard in team is erratic (5)

Solution to Puzzle No. 4,267



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THEATRES

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THE ARTS

Cinema

Californian tease by NIGEL ANDREWS

American Gigolo (X) Plaza, ABC Shaftesbury Ave., Classic Oxford Street
Saturn 3 (A) Classic Haymarket
Hussy (X) Prince Charles
Desperate Living ICA

Paul Schrader's *American Gigolo* is an elegantly sleazy traipse through the underworld of Los Angeles. Everything in California, the Garden of the West, is beautiful, down to and including sin; and this latest in Schrader's series of love-hate movie-paeans to moral corruption—he wrote *Taxi Driver* and wrote and directed *Blue Collar* and *Hardcore*—has tha seductive serenity of a nirvana consumption. LA is America's Shangri-La, where all is green, none grow old, and even the vice business has a cool, chic, siren charisma.

Schrader's hero is a handsome stud-for-all-seasons, played by Richard Gere with peacock grace and a fan-tail versatility of nominal trades: escort, travel guide, chauffeur, interpreter. Running him suavely through the mill of sexual subterfuge and corruption, Schade's film bas a high time crossing the prickly, low-life tensions of a *film noir* thriller with the enamelled, rainbow-hued beauty of a California travel poster. With the director in a far less tub-thumping mood here than in his last essay in *O tempora, O more*: moralising, *Hardcore*, *American Gigolo* twists and twine: and teases through a crime plot as similingly cryptic and graceful as its own hero. The film doesn't tie up loose ends and doesn't wear its indignation on its sleeve. Instead, it pads leftly forth through the carpetd jungle of the gratification industry.

The ace in Schrader's band is his ingeniously reticent way with pot and character clues. At pivot-point in the movia, Gere stumbles into a murder chargeafter the death of one of his fad clients. Did he kill the wealthy Palm Springs housewife during a bout of troilism involving her husband? (We only see the beginning of the session). Or is it a frame-up devised by one of the several LA smoothies—a gay pimp whose attentions he scorns, a wealthy Senator whose wife (Lauren Hutton) Gere is romancig—who would rather see the gigolo behind th bars of a prison thean continuing to operate between the bars of a bedstead?

The film, picking up the theme of "bars" like a musical motif, paints the ribbed sbadows of Venetian blinds across almost every inch of bare wall in the interior acenes. (They bava even spread, you may notice, to the poster). And though Schrader keeps a whodunnit resolution to the plot tantalisingly out of reacb, be lays out the everyday details of Gere'a livelihood with cool, crisp, candid precision: from the choice of ties to the cboice of social patter, from the daily work-out with bar-bells to the weekly briefing-sessions with his chief agent and "procuress" Nina Van Pallandt. Meanwhile there is Lauren Hutton as the love-hungry senator's wife, bravely aearching for loose emotional threads in Gere's tight-knit gigolo camouflage and meshing with him in sculpturally choreographed lova acenes in his abntter-shadowed apartment.

No film since Altman's *The Long Goodbye* bas better captured the lazy, lapidary beauty of Los Angeles; its sky like *lapis lazulae*, its streets wide and straight and shimmering, its interiors magic with a warm and shifting half-light. When Schrader hurled his moral fulminations at New York in *Taxi Driver*, or Detoit in *Blue Collar*, they bounced around in an arena already fiery with pent-in energy and Nordic tensions. Melodrama spat and roared back like a bonfire sprinkled with petrol. But California absorbs, derides and sea-changes Schrader'a yellow-press puritanism: creating a marriage of unlike minds far more hypnotic and persuasive than be earlier movies where like met like. It'a a tease of a film, with grace, beauty, tension and a Sphinx-like air of moral mystery.

★

Saturn 3 looks like an MGM musical, sounds lika a badly-dubbed TV commercial, and stars Kirk Douglas, Farrah Fawcett, Harvey Keitel and a robot in a planetary *ménage à quatre* somewhere ont in Deep Space. Douglas and Fawcett are hydroponics scientists doodling happily away in a pre-lapsarian space-station on Saturn when yeoww, crasb, blonk, H. Keitel arrives from Earth—dubbed, for reasons that elnde me, by Roy Dotrice—and starts building a robot for them. Did they ask for one? No. But *not to worry, it looks fetching* enough at first, what with vein-like tubes that run with red and blue oil, and anthropoid muscles, and an economical bead that consists only of two eyeballs on *stalks*.

The problem ia that it isn't very friendly. Far from being struck dumb like the rest of us by Ms Fawcett'a beauty, or blinded by ber wrap-around teeth, it romps after her with strictly disbonourable intentions, running over Messrs Douglas and Keitel whenever possible in the process. Even Sally the dog fails to escape unscathed, left sliced in two on the laboratory floor like a pair of furry cutlets.

Stanley Donen, who took over behind the camera when the film's original writer-director John Barry was replaced, has turned it—not surprisingly for the man who made *Singin' In The Rain* and other splashily gorgeous MGM song-sprees—into a gaily choreographed romp through beautiful scenery in wbich tha plot seems as silly and disposable as in any Hollywood musical.

The decor is riotous: snaky, multi-coloured tubes, baroque corridors, a visit white backdrop with semi-circle sun, dizzy splashes of primary colours. Bnt while this pastel-mad bravnra would be fine if the characters burst into song and matched visiual with vocal *fire*, it isn't when they pen their mouths merely to emit badly dubed, *speech-ballon* banalities and when Fawcett and Douglas spend mst of their bistrionic *skills trying not to overreact in* an ver-the-top, hyperthyroid plot. Meanwhile the robot, like some demented parody of the Alien built by Meccano and commissioned by Mad magazine, runs about stealing all the harum-scarum scenes it's in. Not, in this movie, a difficult task.

Hussy wins this week's Joan and Jackie Collins award — previous winners *The Stud* and *The Bitch* — for taking-the-lid-off-Swinging-London-and-finding-nothing-very-interesting-underneatht. Helen Mirren, with her cupid lips and rise-above-it nose, plays a woozy floozy affiliated to a seedy London nightclub, and John Shea is the handsoma layabout who beds her and shows her that love can still stir beneath that much-visited bosom.

Around these two louche lovebirds, the screen crowds up with such Snnday Tabloid characters as the Butch Lesbian, the Psychopathic Ex-Lover (hers), the Criminal Ex-Crony (his) and, out-Kramering Kramer, the tug-of-war child (Miss Mirren's) who's caught in the amorous crossfire. Written and directed by Matthew Chapman and as brainless and catchpenny a piece of rubbish as may currently be found in London.

See *Desperate Living* instead; a lewd, loudmouth, but concussively funny romp from America's John Waters. The director of *Pink Flamingoes* and *Female Troubles* bere gives us his very own counter-culture fairy-tale, full to the brim of undeleted expletives, gale-force dialogue and scatological slapstick. Showing att be ICA, for the non-squeamish only.

Richard Gere and Lauren Hutton in 'American Gigolo'

Elizabeth Hall

Byzantine/Greek Folk

For the first time the English Bach Festival imported from Athens not just a few singers, but choir ten men strong for the Byzantine liturgical music forming the first balf of the Greek evening on Wednesday. Under the *psaltis* Lycourgos Angelopolos (a visitor well remembered from former festivals) they sang Matins Hymns, unfortunately without spoken introduction nr breaks sufficiently marked to help non-Greek speakers to know where they were—I would like to bave identified the Hymn that developed such a surprisingly strong metrical pulse.

After the interval we heard another well-remembered visitor the singer Domna Samiou, who brought with ber two instrumentalists, Petros Athanassopoulos-Kalyvas and Matthew Veturis, and was joined by an Oxford student, Manolis Philipakis, who sang an "Akritiko" song from bis native island of Karpathos. Miss Samion contribute dseveral songs in ber plangent, absolutely vibratoless voice. I presume I misbeard Lina Lalandi, who introduced this balf in ber own inimitable way, when sha described (at least I thought she did), one of these as "a love song for a dejected plumber."

The cboir reappeared for one or two numbers, inclnding a Fisherman's Rowing Song from Skiathos, striking example of a work-song, with primitive but effective antipbony. Instruments included two kinds of lute, a three-stringed "lyra" like a miniature gamba, a "toubeleki" drum and the wooden spoons that are cousins to castanets. The great success of the evening however was the "clarino," a modern clarinet (so a learned friend assured me) played with unorthodox technique. For his final "Tsamiko" Mr. Athanassopoulos-Kalyvas gradually dismantled his instrument, with surpisingly little effect on the volume of fierce tone he produced.

RONALD CRICHTON

FOOD PRICE MOVEMENTS

	May 8 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton ...	1,230	1,230	1,230
British A.1 per ton ...	1,200	1,200	1,180
Ulster A.1 per ton......	1,200	1,200	1,180
BUTTER†			
NZ per 10 kg	15.50/15.6	15.50/15.63	15.50/15.63
English per 10 kg	18.67	18.87	—
Danish salted per 10 kg	19.43	19.43	19.43
CHEESE‡			
English cheddar	—	1,545	—
Irish cheddar	1,450/1,48	—	—
Danish cheddar	1,480	1,480	1,465
EGGS*			
Home produced:			
Size 4	—	4.30/4.45	—
Size 2	—	5.00/5.10	—
	May 8 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	69.0/74.0	69.0/73.0	68.0/72.0
Eire forequarters	49.0/52.0	48.0/51.0	48.0/51.0
LAMB			
English	—	—	84.0/96.0
NZ PLs/PMs	—	60.0/63.0	57.0/58.0
PORK			
All weights	41.0/50.0	38.0/49.0	38.0/49.0
POULTRY			
Oven-ready chickens...	40.5/45.0	40.0/48.0	39.5/48.0

* London Egg Exchange price rr 120 eggs. † Delivered. ‡ 20-kg rindless blocks delivered, peronne.

Covent Garden

Die Zauberflöte

by DAVID MURRAY

The remaining performances of the Royal Opera *Zauberflöte* bave Robin Leggate's Tamino again, as in the original production last year, and a new Pamina in Yvonne Kenny. Good, honest performances both, though neither of them radiates the ideal Mozartean innocence: if they did, the whole all too substantial pageant might blow away. August Everding's staging is ponderously pretty, anxious to show of its elaborate machinery, long on ingratiating ideas but short on fresh ones. Again a non-German cast sednlously mouths the German dialogue for a non-German audience. Mozart would have thought they were mad.

Mr. Leggate cuts an npstanding figure as Tamino, if a bit sby and enclosed. He sings the rola with careful warmth; he cannot use his voice as lightly as the best Taminos, and something of simplicity and eleganca — which come to much the same thing in this music — is missing. The quality of the voice proposes sturdier parts for him. Miss Kenny, whose lovely soprano suggests mature sophistication beyond Pamina's deserts, contrived to realise "ach, ich fühl's" exquisitely to scale — no room for quibbles there and, besides, she looked lecetable.

James Conlon's account of the score is stil la curate's egg. It is tenderly conceived, and often confidently effected; yet the numbers for which be most obviously had special intentions — the hushed accompaniment for Sarastro's first aria, for example, and the mercurial one for "Alles fühlt" — misfired here. The pace of Act Two was halting, and in the final pages the last two tempo changes utterly lacked conviction. I shall chiefly remember Robert Lloyd's strong, concerned Sarastro, and the extremely stylish singing of Mooostatos by Paul Crook, and the wonderful chorale of the Men in Armour (Robert Tear and Roderick Kennedy). Zdzlislawa Donat and Lilian Watson make an attractive Queen and Papagena. The friendly bounce of Thomas Allen's Papageno is a considerable bonus.

Arts News in Brief

The Scottish National Gallery of Modern Art has bought a large and important painting by American pop artist Roy Lichtenstein. "In the car," which was bought at anction for £100,000, is the first of Lichtenstein's paintings to be acquired for a Scottish public collection. It is on display at the Gallery in the Royal Botanic Garden, Edinburgh.

"*In the car*" was painted in 1963, wben Lichtenstein'a use of commercial and comic-strip imagery achieved considerable sophistication and complexity. Lichtenstein was particularly attracted by tha way cartoon artists treated the most dramatic and emotionally charged incidents in the same cool style, and he used this to ironic effect in his own work.

★

Mr. Norman St. John-Stevas, Minister for the Arts, has accepted the Standing Commission on Museums and Gallaries recommendation that items from a representative selection of Chinese armorial porcelain dating from 1731, together with their related bills of sale, should be allocated to the Ashmolean Museum, the Reading Museum and Art Gallery and the Oxfordshire County Museum. The items were accepted by HM Treasury in lieu of capital transfer tax, and were paid for from the National Land Fund.

Leonard Burt

Donald Pickering as Higgins and Paula Wilcox as Eliza

Shaw

Pygmalion by MICHAEL COVENEY

Since the 1974 revival with Diana Rigg and Alec McCowen, *Pygmalion* bas enjoyed many performances in the reps and the Shaw Theatre Company under David William's direction offers a stout and unfunny version with two top class characterisations of Eliza and Higgins by Paula Wilcox and Donald Pickering. Tbe Glasgow Citizens gave a more imaginative interpretation last November incorporating a dream-like ballroom scene to underline tha Svengali/Trilby parallels in the story. Bnt Miss Wilcox charts Eliza's transition with admiroble clarity. This Eliza is more than a study in social mobility, sbe learns to stand, uncompromisingly, on her own two feet.

Mr. Pickering is a large spoilt baby, lounging on the furniture and incorrigibly rude. Any ambiguity in the relationship is saved for the final long scene, whicb comes off superbly. His experimental collaboration with Pickering (Brian Oulton) is the sport of two overgrown schoolboys, as delighted at the prospect of success with Eliza as at the likelihood of her "deliciously low" *faux pas*. Eliza's father is played with top-beavy bluster by Arthur Cox, and his fate at the hands of middle-class morality is vivdly conveyed at the expense of the refinement in his rhetorical speeches. Mr. Cox does not convince as the Mark Negin's functional design moves effectively from the Covent Garden portico to the cluttared library and tbe airy, plant-strewn drawing room of Mrs. Higgins to the accompaniment of tape-recorded Elgar. The comic centre of the production is, quite rightly, the At Home scene, where Miss Wilcox's porcelain fragility cracks slightly but to maximum effect on ber exit line of "Not bloody likely." It is a credit to all concerned that the phrase can, in its context, send out a few sbock waves. There is good support from Rachel Thomas as Mrs. Pearce and Sian Thomas as the insufferable Clara Eynsford Hill.

★

At the King's Head, Ronald Mavor's *The Quartet* is an occasionally funny but hopelessly schematic piece about the off-stage lives of a string quartet. Tbe lady cellist finds happiness with the first fiddle after passing through the bands of the viola and second fiddle. The latter is a self-centred narcissist whose artistic temperament makes no allowance for the mundane business of life and relationships. Tbe interval arrives as the first fiddle delivers the deathless line "Would you kindly remove your band from my testicles?", at wbicb point you realise that the wbole blazingly trivial exercise is in search of laughs at the expense of truth.

Young Vic Studio

Barabbas

by B. A. YOUNG

The Belgian Michel de Gbelderode, who died in 1962, wrote more than 50 plays, yet even when we were all obsessed with the Theatre of the Absurd and the Theatre of Cruelty his highly individual voice was seldom beard in this country. The Cherub Company's production of *Barabbas* at the Young Vic Studio gives a welcome taste of his quality.

Barabbas is first seen in prison, exulting in bis crimes like someone from Genet. He shares his cell with two other thieves (bandits, Ghelderode calls them) and a prone figure in wbite, apparently dead. This figure is Jesus, not dead but exhausted from his sufferings. He never speaks throughout the evening.

The play presents the events of tha Passion as Barabbas would bave seen them. Judas is a parady of a stage Jewish usurer, Shylock without the dignity, but overwbelmed with guilt for wbat he bas done. Pilate is a toy Roman soldier with an ice-cream Italian accent, and Herod an oily Levantine. They are played bere for comedy, and lack tbe feeling of authority that ought to hang on them.

While Jesus is dying on the cross, Ghelderode shows us his idea of the public reaction. A showman, who is entertaining the crowd, finds the Christians comic, as the Jacobeans found the Puritans. Tbe disciples, in hysterical fear for their safety, are in hiding (their concealment represented by black masks). Barabbas, however, has been converted to a powerful personal admiration for Jesus, a criminal like bimself by the current law, yet one wbose crimes benefit his brethren unlike Barabbas' own robberies. "I am not free," he maintains. "I am dogged by Jesus."

He rallies the disciples and proposes, characteristically, that they shonld start a revolt among tbe people to avenge Jesus' death. The disciples cannot go along witb such a proposal; and before it can go further Barabbas is himself murdered by the showman's clown, wbom be bas beaten up for laugbing at Jesus.

I thought the production, directed by Andrew Visnevski on a bare stage befora a small stained-glass screen, a little too higb-pitcbed emotionally and short of discipline in the characterisations. I found it very interesting all the same, cbarged witb evidant devotion, yet without subservience to usual Cbristian doctrine (though Gbelderode was a good Catholic, and I doubt if there is any beresy in the play). Barabbas is powerfully played by Nigel Miles-Thomas, and the other 15 charactars are shared between seven other versatile players. Tom Hunsinger, wbo plays Herod and one thief (the one who was saved), also designed tha set and costumes.

Peter Pan film to benefit hospital

A new film version is to be made of Barrie's Peter Pan — and it will give a huge cash boost to Britain's most famous children's bospital.

The Hospital for Sick Children in Great Ormond Street, London, holds all the literary rights to the story, and it will benefit from the film production to be made by American director Mal Ferrer. He has acquired film and television rigbts, and has announced plans to shoot it, probably at Pinewood Studios.

Sir James Barrie assigned the copyright of Peter Pan to the bospital in 192 and since then it bas received a substantial income from royalties.

FINANCIAL TIMES

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Friday May 9 1980

EEC sanctions against Iran

EEC GOVERNMENTS, albeit with considerable reluctance, are pressing ahead with preparations for the introduction of economic sanctions against Iran at the end of next week. In Brussels, officials have heen discussing the precise contents of a sanctions package, and yesterday in London the Government announced plans for rushing the required enabling legislation through Parliament in the next few days. The aim is to be ready for the May 17 deadline, on which the Community has said it will act if no significant progress bas heen made towarda the release of the American hostages — a prospect that looks unlikely in the extreme.

No enthusiasm

But if the European Governments bave committed themselves to such a course of action, at American request, they will take it without enthusiasm It is a course that most of them neither desire nor believe in. They do not want to impose sanctions that risk damaging their own economic interests. an dthey do nnt believe that sanctions will hasten the bostage's liberation.

The Europeans are undoubtedly right in their assessmentto which ona might add the general point that economic sanctions haev rarely if ever proved effective in the past. Evan Governments that impose them have been known to connive at their evasion and tbere are invariably alternative trade channels that can be exploited by the country at the receiving end. If the Europeans are going abead, it is firstly because tbey judge the need for Western solidarity at a time of international crisis ot over-ride the objections. Secondly, by bowing to pressure from Washintgon. they hope to head off the threat of tougher and more risky unilateral American action.

Arguments valid

These arguments are valid too. The Americans should not be pushed further into isolation. An exacerbation of the differences in the Alliance would noly strengthen its enemies, while at tbe same time adding weight to the arguments of those in Washington who believe that tbe U.S. should now go it alone with a more muscular approach. It is true that by agreeing to the principle of sanctions last month, the Europeans did not prevent President Carter from launching his disastrous rescue mission. But that, if anything, has only further underlined the need for the Europeans to keep their lines of communication with Washington open. If the U.S. wants European support, it must also be prepared to listen to European advice.

The conclusion to ba drawn is thta European support on the trada front is needed to demonstrate allied solidarity. At the same time, the Community is trying to avoid polntless damage to bte EEC economies. It now seems reasonably clear, for example, both from the nine-nation discussions in Brussels and yeserday's British enabling legislation, that most existing contracts are to be exempted from the sanctions, which will he mainly directed at new business. Even that, however, is not to helittled as a sacrifice—particularly for the UK, which is already facing great uncertainty in other Middle Eastern markets such as those of Saudl Arabia, Iraq and Libya.

Long haul

As for the advice to be offered to President Carter in return, it must be that he should cool it for the time being. Military ventures not only risk going embarrassingly wrong, they are also likely to provoke the Iranians to new excesses and antagonise all the other countries Inthe region. The Middle East is already volatile enough.

Difficult though it may be, President Carter should stick to quiet diplomacy, try to take the hostages out of the beadlines and prepare U.S. puhlic opinion for a further long haul. This would have the double advantage of lowering American expectations and weakening the hold tbat those in charge of the hostages have established over the U.S. and its President. There are other important issues that need Americao consideration. By allowing the hostages virtually to monopolise his attention, President Carter has hoth been distracted from the much graver issue of the Sovlet invasion of Afghanistan and encouraged the Iranlans to acquire an exaggerated sense of their own importance.

The right to information

THE COURT of Appeal's judgment in the case against Granada Television gives cause for regret and concern. In ordering Granada to reveal the identity of an informant who provided one of its journalists with sensitive documents concerning the management of Britisb Steel and the role of the Government in the recent steel strike, Lord Denning and the other Justices of Appeal bave nnt only struck a blow against more open governmant and wlder press inquiry. They have also put forward a set of legal principles which may prove incompatible with the etbical judgments and practical constraints under which journalists operate.

In reaching his judgment Lord Denning recognised the desirability of protecting the "right public concern" and maintalned that "newspapers should not in general be compelled to disclose their sources." But by devoting a major part of his argument to the question of whether journalists should have absolute immunity from disclosing their sources, Lord Denning seemed to be side-stepping the main point at issue in this case.

Press immunity

It is easy to sbow that absolute press immunity would be incompatible with other important rights and freedoms. Every journalist is aware of the tension that may at times exist between his protection of informants and other important principles, such as he integrity of private property, the need to foster trust and frankness within corporations and government departments, the presentation of national security or the need to bring criminals to justice.

Journalists recognise that ultimately it is for the courts to establisb the balance of public ioterest in a particular case. But in so doing the courts must recognise, firstly, that they cannot adopt a purely case by case approach, in which they decide wbether disclosure sbould be required simply on the merits of the case in question. For with each case that is decided against the press, the degree of confidence that exists between journalists and their informants in all ohter cases is bound to be diminisbed. Thus in deciding against one journalist, the courts are weakening confidence in the press generally.

Secondly the courts must recognise that when they demand disclosure, they may be placing law-abiding journalists in a serious dilemma. For a journalist who wisbes to adhere to the system of ethics accepted by hia profession may feel that be has no alternative but to risk committal for contempt of court, in order to satisfy his conscience and preserve his professional standing.

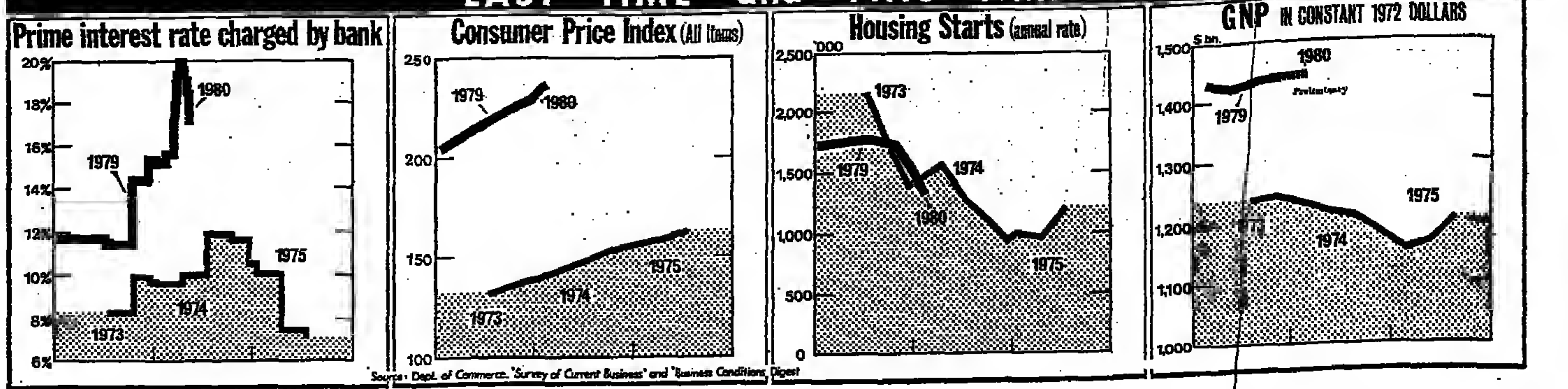
For these reasons Lord Denning's opinion, that Journalists should only be forced to disclose their sources in "exceptional" cases, even though they had no absolute privilege, might have been welcome. The implication seemed to be that the onus of proof in such cases must he on the plaintiff to show that there is some "exceptional" reason for requiring the source's identity. But neither Lord Denning nor the other justices upheld the spirit of this principle

For Lord Denning did not nfid that the leaked documents had beo exceptionally damaging to British Steel or to the public interest in general. Instead he proposed a new, and very dangerous, criterion for what was "exceptional" in this case: it was the use Granada had made of the information it received and Granada's later behaviour towards Britisb Steel. Granada had not acted with "a doe sense of responsibility." By behaving badly towards BSC and its Chairman, Sir Charles Villiers, "Granada bad forfeited the protection which the law normally gave to newspapers and broadcasters."

Disturbing

This judgement is disturbing for a number of reasons. Firstly it seems unjust that an informant's protection should be dependent on the use wbicb a newspaper makes of his information, since this lies entirely outside his control. Secondly, the idea that courts can sit in judgement over the way a newspaper presents a story or, in this case, the discourtesy shown to Sir Charles Villiers, is not one that reinforces the freedom of the Press. While courts may have to adjudicate on matters of the public interest, they should not be the arbiters of journalistic standards. Thirdly the idea that one journalist's source a can be revealed because of his "irresponsible" behaviour, while responsible journalists' aources remain protected simply ignores the facts of journalistic life. An attack on one newspaper or programme is bard to distinguisb from an attack on the Press as a whole.

LAST TIME and THIS TIME



U.S. recession starts to bite

By DAVID BUCHAN in Washington and DAVID LASCELLES in New York

PRESIDENT CARTER, his economic advisers, and some of those at the Federal Reserve Board may be suffering that nasty, vertiginous feeling thta comes from pushing hard on an already opened door. Seven weeks ago—March 14 to be precise—all the resources of the Government and central bank were summoned for an assault on inflation in an economy that stubbornly refused to slacken its pace. The reckoning then was that only very limited help in the anti-inflation fight could be expected from a "mild and short" recession in which real growth would drop by a mere 0.4 per cent this year the unemployment rate inch up to 7.2 per cent by Christmas.

Suddenly, with the brevity of a North American spring, the picture has changed. The economy seems to have stopped in its tracks, and the signals indicate it may now be slipping backward. A preliminary sign of whether this will moderate inflation comes today when the Government publishes the April wholesale price figures. But there may be little trade-off. The candid Mr. Alfred Kahn, the White House counsellor on inflation, recently warned: "The country now faces the dilemma it has so long feared —the twin evils of accelerating inflation and the long-predicted recession."

From some quarters, the Carter Administration and Mr. Paul Volcker's Federal Reserve have been accused of "overkill." It is being seriously questioned whether the U.S. is oot in fact now in for a repeat of the 1973-5 recession, when unemployment rose to nearly 9 per cent and real output fell by 1.4 and 1.3 per cent in two successive years.

The answer at this early stage is probably no. But high stakes ride on it. If a definite halt bas come to nearly five years of almost uninterrupted American expansion, then Jimmy Carter's re-election may be in doubt and a brake clamped on the Western economy in general.

The rapid fall of interest rates on Wall Street — commercial hanks' prime rates have dropped from a peak of 20 per cent in mid-April to 17 per cent this week — coupled with the Fed's decision, also this week, to scrap the 3 per cent surcharge on its discount rate for bigger banks has provided a running commentary on the economic decline that has shown itself in other ways.

Most dramatic were the April jump in tha unemployment rate to 7 per cent from 6.2 per cent a month before and a 2.6 per ceot fall in March in the leading indicators index used to gauge future trends in the economy. These were the aharpest monthly movements in these iodices for over five years, inevitably evoking comparisons with the mid-1970's recession.

The increase in tha number of jobless by 825,000 in one month also was so sharp that one would be tempted to write it off as a statistical aberration, and likewise remind oneself that the leading indicators index has not always been the most reliable pointer — if other evidence were lacking. But it is not. Across the board, consumer borrowing and factory orders are down. There are bright sectors aod areas of the country — defence, aerospace and the South-West region — but in the overall weighting these are offset by massive declines in housing and the car industries.

With hindsight, Government economists are agreed that the 1.1 per cent real growth in the first three months of this year was actually concentrated in January. By February the tide was turning, and the economy was slipping in March as, unwittingly, the Carter Administration put together its programme for a balanced Federal budget and private credit crunch. Again, the consensus is that output will fall in the current second quarter, and at the very best, remain flat in July-September.

But a canvas of Administration and Fed officials brings no support for the view that the new recession will match in depth or duration that of five years ago. Various reasons are given, and new ones keep cropping up. For instance, it is argued that because of the unexpected speed of the past three-week decline in interest rates, it is possible that th troughs in housing and cars may soon touch bottom.

One basic argument, however, stems from tha long warning which business has had of this recession. It is that companies, given so many advance notices of a market decline, have been careful to keep their stocks and inventorise lean. By contrast tha suddenness of the OPEC oil-induced 1973-75 recession caught many firms with overloaded stocks.

Equally, a White House economist notes that managers have had plenty of opportunity —in the run-up to this recession which for so many months failed to arrive—to pare their capital spending plans, bnt so far have signally not done so.

Wall Street is certainly in two minds about wbat lies ahead. This is evident from the behaviour of the markets: share prices have advanced seeadily since mid-April, suggesting that all is not doom and gloom. But the bond market, which feeds on bad ecooomic news, bas also surged ahead.

Perhaps Wall Street bas allowed its judgment to be clouded by tha enphoria over plummeting interest rates. Even so, its economists are far from unanimous in their forecasts, with some predicting a recession nearly as bad as the last and others expecting something considerably milder.

> Wall Street's forecasting record is far from perfect. Some economists were predicting the start of a recession in 1977.

The pessimists can already build a convincing case on the sharp rise in unemployment and the big drop in the leading economic indicators. Set against the deeply depressed state of the bousing and auto markets, these suggest that demand is falling away rapidly, dragging the rest of the economy down with it.

Proponents of this view point to the high level of coosumer debt and the curbs on consumer credit imposed last March, both of which bave put beavy fetters oo consumer spending. Economists at ona Wall Street investment house, Goldman Sachs, estimate that the real net worth of U.S. consumers has falen nearly $100bn or 5 per cent since the third quarter of 1979.

But though most economists have been busy revising their forecasts down rather than up, there are still some optimsts who expect the peak to trough to be less than 3 per cent of Gross Natonal Product.

Their view is that few if any sectors of the economy are as vulnerabla as they were in 1973. The real estate market is not as over-extended as it was then (indeed the worst of the property slump may already be past if interest rates stay down).

The recent spate of quarterly company results painted a picture of a corporate world concerned bnt not necessarily depressed about the future. The more huoyant indnstries included those in capital equipment (thanks to the huge investment programmes afoot in in energy development, automaking and aerospace), and even steel which expects the country's buge new oil vdrilling programme to spur demand for pipes and stems and partially offset the slump in Detroit.

But Wall Street's forecasting record is far from perfect. Some economists were predicting the start of a recession as long ago as 1977. What will happen undoubtedly depends largely on how the Fed bandles credit policy over the next six months or so.

Interest rates bave fallen so fast since tbe turn last month, that it may be a little premature to judge the Fed's response.

But, at the same time, it is highly unlikely that the Fed will alter its basic policy, wbich is to achieve its (unpublisbed) targets for money supply and bank reserve growth in the attempt to conquer inflation. And tbis suggests that once the dust from the crash in rates has settled, tbe credit markets will find the Fed guiding them firmly again.

The only thing that can be said with certainty at the moment is that domestic considerations are uppermost in the Fed's mind. The fall in U.S. interest rates bas taken its inevitable toll on the dollar, but the Fed must be hoping that the foreign exchange markets will take heart from the more deep-rooted improvements that its economic policies should bring about in the months to come.

But the underlying assumption of the Fed-White House policy (that recession should prodnce an easing of inflationary pressures) has not gone unchallenged in Wall Street. Apart from the school of thought that holds that recession has most of its impact on employment rather than prices (and therefore produces more pain than relief), the prospects for major improvement in inflation seem rather remote.

Few economists expect the inflation or prime rate to go below 10 per cent in the foreseeable future, while other factors such as oil price rises will continue to fuel the fire.

Inflation then is likely to remain the chief worry of Americans throughout this election year. Even with 7.3m people now without jobs, there are 10 times as many American voters affected by rising prices. But will President Carter keep his eye on the inflation ball? Or will be be diverted into some political pump-priming if employment blight in key states threaten to rob him of a second lease on the White House?

> A chief casualty of the recession may well be Mr. Carter's plan for a balanced budget . . . organised labour would dearly like to see a spending increase.

It is hard to know which way the Janus-like Mr. Carter will turn. On the one hand, be bas undertaken to stick to his anti-inflation guns and often done this in an unpopular way. Blacks burt by the Presiden's cuts in social programmes have turned to Senator Edward Kennedy, who this week won the Democratic Primary in Vashington D.C., a city that is 0 per cent black. Mr. Carter's exemplary free-trade policy has won him no votes. On the grounds that American consumes should not bave to buy less efficient or more costly bome products, the President recenty removed "trigger prices" from imported steel and decided to put a bar on surging Japanese car imports. That has not endeared him to Pittsburgh or Detroit.

So far Mr. Carter has offered small palliatives to the bad-hit housing and car sectors in terms of direct aid—increasing a few millions of dollars interest rate subsidies to help the poor buy houses, while the extra $1.5bn the President is taking to find to give laid-off car workers is something he is obliged to pay by law to workers put out of work by import compatition.

On the other hand, Mr. Carter wants to find good economic news to counter-balance the difficulties his foreign policy has run into recently. How else does ona explain his facile boast, in the immediate wake of the Iran rescue fiasco, that his Administration had "turned the corner" on its economic policies?

A chief casualty of the recession may well be Mr. Carter's plan for a balanced budget in the fiscal year starting on October 1. (his proposal puts it into fictitious surplus of $16.5bn, based on tax increases not yet approved by Congress). Conceding a budget deficit in 1980-1981 may soon be necessary — the rule of thumb is that a one percentage unemployment rise increases federal payments and decreases revenue by a total $25bn.

A deficit next year may also be taken as a major backtrack by Mr. Carter. It should not so be seen, unless that deficit is swelled by a politically motivated spending increase or tax cut. That could happen.

Certainly, organised labour would dearly like to see a spending increase. The AFL-CIO trade union federation is very worried about rising unemployment. If this goes too high, the federation has repeatedly warned it would pull out of the machinery of the President's pay guidelines. But this is largely bluff. During the primaries the unions have split between the President and Senator Kennedy, but now that the Senator is almost certain to be the Democratic candidate they will coalesce around him to keep Mr. Ronald Reagan out of the White House.

The recession has probably come too late for Senator Kennedy to exploit and for the President to lose the Democratic Party ticket. He can still of course lose the general election — but only to Mr. Reagan who as a conservative Republican is likely to attack him for being too soft on inflation and not too tough on employment.

MEN AND MATTERS

Cocking a snook at City wisdom

Dr. Terence Gooding gleefully reminded the world yesterday that Cambridge Instrument Company was, by general consensus, written off last autumn. His story, only six months later, is of a company learner yet larger, with expectations of £50m sales this year — more than double those of only two years ago. "It is not a company that is dying—it is one that is growing," he claims.

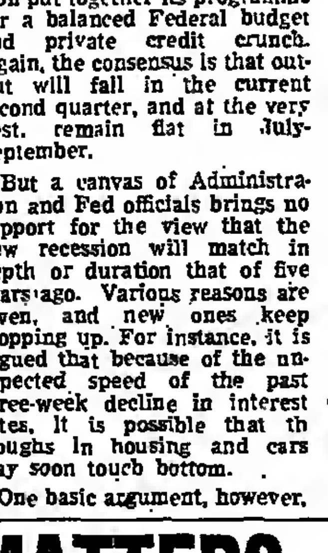
Gooding, 45, a company doctor, his speciality is salvaging ailing scientific instrument companies. Like Ian MacGregor of British Steel, be is a British-born American, doing much of his work in airliners commuting between bis widely spread companies, and his Californian home.

His travelling companion for the past eight years has been Gerald Fitch, now chief finaoce officer of Cambridge. "Every vanture we have engaged in has been a success," declares Gooding. Last autumn, they put £500,000 into Cambridge, which was on the verge of liquidation by its chief sbareholders, the National Enterprise Board. It bought nearly 75 per cent of the votes.

The duo's secret is simply to look very closely at the balance sheet for every bit of the business — something the scientists who bad mainly been managing the operation often forgot to do. Gooding admits that be learned a lot from Sir Arnold Weinstock, from wbom be bought AEI Scientific Apparatus four years ago. Today this Manchester company, is profitable again.

Cambridge, he found, was underpricing its wares, and did not really now wbat it cost to make tbese highly sophisticated products.

Gooding convinced himself that the Cambridge name, 99 years old, was famous worldwide, even behind the Iron Curtain. Now be claims: "We are the bighest priced." He backs the claim by announcing its most expensive instrument



yet, a manufacturing tool for "writing" the circuits on silicon chips. It costs £500,000.

Looking down

While it is generally accepted that one cannot keep a good man down, that is precisely where Robert Sprinkel III likes to be — down holes in the ground, scratching around in old mine workings in search of riches left by less technically able or less perspicacious miners from generations past.

This expatriate Californian investment banking drop-out, best known as prime mover in tha rescue of Cornwall's Wheal Jane tin mine, bas now set himself up with a new compaoy, SPO Minerals, to produce barytes from diggings old and new in the Peak District.

Long ignored by diggers after lead and zinc, this obscure mineral is now coming into its own as an aid to drilling in the North Sea oil fields. Since it is relatively rich in lead, SPO will refine it to extract the metal before shipping the residue to tbe drillers. "The oil men are happy to take it with the lead still in it," he tells me. "But that would be like throwing away the champagne with the bottle."

Admirable as this economical policy is, there is still something of the profligate about the man. A true entrepreneur, he seems to find it difficult to stay put and reap the fullest benefits from his successes. Now that Wheal Jana is well on tha road to full production, Sprinkel is already thinking of giving up his directorship there. He needs more time, he explains, to nurse his latest baby. Not forgetting, of course, the many thousand vacant boles in the ground that need looking into.

Life begins at 73

"I am considering retiring," said Lord Grade yesterday, "only in the year 2,000. What worries me is what I am going to do after that."

The Grade's eye view of the matter, then, is that Associated Communications Corporation (owners of ATV, Pye Records, and Classic Cinemas) will still have the by then 93-year-old Lew firmly at the helm. A novel prospect in British business, but perhaps not entirely impossible. To prove it, the teetotal Lord Grade amused the gathering in a London restaurant with a flurry of Charleston steps. The purpose however, was neither to discuss Lew's blood pressure ("that of a child") nor to bewilder walters, bnt to discuss ATV's latest coup, to wit buying a majority shareholding in Jetsave, the holiday and travel organisation.

Lord Grade is obviously deeply impressed by Reg Pycroft, Jetsave's managing director. "He's tough," confides Grade. "I tried to get a discount for a friend on one of his flights, but he wouldn't have it."

Parting company

The. Rothschilds, it is well known, never speak to the Press. The result is a scarcity of hard information about the rough and tumbla which bas been going on recently inside the family's inner sanctum. All that reached my ears was the occasional muffled thud as tha struggle continued behind closed doors.

Yesterday, however, there was a more than usually enlightening thud as a statement arrived on my desk declaring that merchant bank N. M. Rothschild bas finally parted company with its Investment Trust.

awkward offshoot, Rothschild In its early days RIT expanded rapidly and was widely viewed as tha front runner in tha family group, making glamorous investments in companies like Sothebys and Wedd Durlacher. But the shine quickly faded in the mid-seventies when RIT was left with gold at the wrong time and made damaging forays into property—most notably, perhaps, into the white elephant Manhattan Centre in Brussels.

Since then, although things have improved, RIT has failed to re-establish a clear rola for itself in the family group, and in common with other investment trusts, its share price is far below net asset value.

Now, firmly cast out by the matronly NMR which has severed financial and advisory connections in the process RIT's only remaining link is a shared telephone number. Even that, I am told, should be changed in the near future.

Excess liquidity?

Managers at Tricentrol were taken aback a few days ago to receive a letter from a resident of the Medway wing of Maidstone Gaol. "Dear Sir," it began. "Please could you furnisb me with one copy of the 1979 report and accounts. I lok forward to bearing from yon in the very near future." No doubt anxious to avoid anooying a potntially new stockholder, Tricentrol has pressed me not to reveal the nama of the correspondent. Meanwbile, some glossy brochures are on their way to Maidstone.

Observer

POLITICS TODAY

Living in the land of the spy story

SOMETHING about terrorism brings out the best in Mrs. Thatcher. The day after the assassination of Eearl Mountbatten and the killing of 18 soldiers at Warren Point there she was—against all official advice—dressed in a flak-jacket visiting the troops in Ulster. It was har most hrilliant single act since she became Prime Minister.

On Monday evening, after the storming of the Iranian Embassy in London by the SAS, she was at it again, though with less publicity, popping in to see the local police force.

There may be also something about terrorism, and war, that hrings out the best in the British. It is true that we have had a certain amount of experience. Since 1945 no other country can have been involved in so many small wars: Kenya, Cyprus, Malaya, Aden, Oman, not to speak of Northern Ireland. There bas been no sbortage of training. But there remains something peculiarly British about the kind of daredevil operations associated with the SAS.

The Americans, when they use force, tend to over-rely on technology. The Israelis have their own political motivation. The British tend to look like a bunch of amateurs, until it is necessary to become professional.

One may speculate upon the reasons: school; cold baths, playing rugby, the army as a unifying force which transcends the social barriers within its own ranks, the need to wait for a cause worth fighting for. None of them are entirely satisfactory.

It may be als significant that fiction follows fact—or is it the other way round. Most of the best spy stories are written by the British. Indeed it is hard to escape the feeling that we are reliving the second world war. When Harold Wilson was Prime Minister he used to invoke the Dunkirk spirit in seeking to defend the pound. One bad thought that all that awas over with the coming of a generation to wbom the war was a childhood memory rather than something in which it directly participated.

Evidently the roots go depeer. The time when Britain stood alone and survived is still remembered. It is regarded not just as a fundamental part, hut as the fundamental part, of British history. Mr. Edward Heath is nearly 10 years older than Mrs. Thatcher and served in the war himself: it is Mrs. Thatcher who is more of the nationalist.

Pride is beginning to give way to chauvinism

The SAS revives the memories and deserves every tribute to its activities. The successful storming of the embassy and the rescue of the hostages on Monday was a cause for legitimate pride. Yet there are also signs that pride is beginning to give way to chauvinism, even jingoism. Here, for instance, is Mr. Nicholas Winterton, a Conservative MP, asking a question to the Prime Minister after ber return from the Luxembourg summit meeting last week. "Does my right hon. Friend accept that even if she has isolated us from some of our friends in Europe she has united the nation, which at this time is a very good thing?"

Mrs. Thatcher ducked the question, but sbe did not repudiate lt. Indeed lt was said afterwards that if ahe bad referred to the French and the Germans as the frogs aod the huns, her performance would bave gone down eveo better.

On Tuesday Mr. Tony Marlow, another Conservative MP, asked as follows: "Will my right hon. Friend not agree that one of tbe major cbanges of the past few mooths is the new respect in which Britain is now held by the rest of the world, hased on the increasing competence, sensitivity, and determination now abounding in Britain, which was sbown especially hy yesterday's events and all those involved in them? Will she also agree that, after a long period of time, everyone in this country can now once again bold up their heads (sic) and say how proud they are to be British?"

This time Mrs. Tbatcher did not demur entirely. She replied in part: "I agree with my hon. Friend that the performance both of the pelice and the SAS made bon. Members on all sidea of the House proud to be British."

In foreign policy terms, however, it is not clear where all this is lesding. If the spy stories are anything to go by, and there are so many of them that they must mirror at least part of the national psychology, there is still great pride in standing alone and a fundamental belief that the British are at their best when up against it. The Americans are tolerated since they are so powerful. But they are also patronised and have to be coaxed along in the ways of diplomacy in order to prevent them doing anything silly. Their reliance on technology tends to be sneered at. The Europeans, in so far as they are mentioned at all, are either untrustworthy or incompetent or both.

In real life it is mucb the same at the Foreign Office, and perhaps even more so in the Conservative Party. The importance of the American alliance is beyond question, but it is still a rather patronising relationship with the British supply the wisdom and the Americans the strength. At the Conservative Party conference last year almost the greatest applause, including prolonged stamping of feet, came for a delegate who referred to Senetor Edward Kennedy as "that nauseating Yank."

The party dares not speak in that way publicly about President Carter because be is still in office and might he re-elected: bence the extraordinary absence of criticism of the fiasco of the Iranian rescue attempt and even the rallying hehind the President's position. Bnt in private the reaction is one of contempt and, in more intelligent circles, of some fear.

On Europe Mrs. Thatcher haa shown bow easy it is to stir up natiooalist sentiment by standing up to the French and the Germans, especially the French. It has been aaid that sbe has sacrificed the support of President Giscard d'Estaing and Chancellor Schmidt for tbe plaudits of Mr. Enoch Powell. Certainly she bas made it difficult for berself to swing back public opinion to the European fold if and when there is a settlement of the question of the British contrihution to the Community budget.

And yet, wbat does the real world look like? It looks as if America is weakening and Europe is frightened. The American problems go beyond the present economic recession; there are problems of infrastructure, of inflation and of the low growth of productivity which will take considerable time to resolve. There is a lack of leadership, and perhaps of a machlnery to provide lt. There is now e real prospect that the next President wlll he Mr. Ronald Reagan, somethlng that would fill many Europeans with horror and create a new shock to European-American relatioos.

(It is worth noting, however, the reactions of a oumher of American intellectuals wbo are beginning reluctantly to support Mr. Reagan on the grounds tbat almost anyone would be better than Mr. Carter. The enigmas about the presidential election ara perhaps Mr. Reagan's running mate, wbo has yet to be chosen, and the size of the poll, which could be very small because more than balf the electorate declines to vote for any of the candidates.

It is worth looking to the European flank

It should be added that if America is increasingly distrusted in Europe, Europe is equally distrusted in the U.S. Britain is e partial exception, but tbe feelings against France and even West Germany can be strong. In part this is a reaction against the East Coast establishment view that diplomacy is preferable to atrength, but it is beginning to run deep.

There can be no question of turning our backs on the American alliance. It remains vital, not least because of the strategic deterrent and the commitment to NATO. Yet if America is weakening and becoming unpredictable, it is worth looking to the European flank.

It should be clear hy now that disunity is dangerous. Mrs. Thatcher has done well by securing far better offers of a reduction in the British contribution to the Community budget tban were even dreamed of by Mr. Callaghan. On her own admission in the House of Commons, the country was nearer to a settlement at the Luxembourg summit than ever hefore.

But it ought also to be clear hy now that she cannot get much more and that she will have to give something in return. There are some matters that will have to he tidied up: the duration of the agreement, for example. There was enough progress made in Luxembourg for a deal to be done, despite the fact that the French and German offers were afterwards officially withdrawn. But it will have to be done quickly, which means tyiog up most of the arrangements at foreign minister level hefore the next summit meeting in Venice next month.

Mrs. Thatcher has already hinted where the British concession might come and appears to bave the backing of Mr. Callaghan. The Leader of the Opposition told the House of Commons last week that our trump card was the price freeze: "I repeat very strongly that we shall support her in not giving way on the agricultural price freeze until the hudgetary issue is settled."

Mrs. Thatcher responded: "We shall not get agreement on the agricultural price settlement, or any other major matter, unless our budget problem is satisfactorily solved." In other words, there is the basis of a deal on which foreign ministers are now working. Settle the budgetary question, say somethiog about restructuring of Community expenditure, and the Community can have its farm price increases. That could be eoough to persuede the French and the Germens to restore their offers. They, too, after all, must be worried about European uoity in the face of American uncertainty.

At the Foreign Office in London there is no great confidence that it will come off, but at least the means are apparent. So is the realisation that this is no time to be quarrelling with Europe. As for Mrs. Thetcher, she may have to face the problem of wooing back public opinion in fevour of the Community. Tbat could he harder tban stirring up natiooalist sentiment against it. Real life unfortunately includes haggling over farm prices as well es commando raids.

Mrs. Thatcher out with the paras

Malcolm Rutherford

Letters to the Editor

Product liability

From the Deputy Director General, Confederation of British Industry

Sir, — The extended correspondence in your columns on the suhject of product liability is a good illustration of the complexity of the issues involved. Mr. Maurice Healy's claim (May 1) that "no new question of principle about the strictness of the liehility is involved" in proposals supported by the consumer organisations, is an over-simplification.

As I have tried to explain on previons occasions, the proposition which troubles the Confederation of British Industry and manufacturers generally is that of "liability irrespective of fault" through the extension of the law of tort to provide, in effect, a compensation scheme. This is quite different from the present strict liability for merchantable quality of a seller to a buyer under the law of contract.

Manufacturers are particularly concerned thet, in tha EEC draft directive which aims to give effect to this concept of strict liability, "a producer shall still be liable even if the article could not have been regarded as defective in the light of scientific and technological development at the time when he put the article into circulation." This appears to them and to us to be not only entirely unjust but also to carry the serious risk of inhibiting innovation and development of new products at a price which the consumer can afford.

We must be realistic: absolute safety is not attainahle. It is therefore necessary to reach an equitable balance; we believe that strict liability as currently being proposed does not achieve that balance and that its introdnction may well inbibit the development of new products from which society as a whole gains.

As those who have studied the relevant documents will know, many other issues are involved, not least the definition of "safety:" the matter is not at all clear-cut and simple, as its protagonists appear to believe.

Bryan Rigby,
CBI,
21 Tothill Street, SW1

Political actions

From Mr. D. Franklin.

Sir,—Mr. Gordon Richardson's admirahle speech (April 24) to menegers and trade nnionists mentioned that "we must live in the uncomfortable world we know and it will require ahandoning attitudes and assumptions that in postwar decades have not been questioned."

We will have to accept the fact that the consumer purchasing a product in the private sector will not accept inferior quality or wait for the delayed delivery of his purchase due to strike action. In the nationslised monopoly sector, if union members achieve a wage increase dne to strike threat or strike ection, union members in other sectors will have to finance this wage increase and so the inflation spiral goes on ad infinitum.

Although 70 Tribune Group MPs have already expressed support for the TUC day of action on May 14, everyone shonld follow Mr. Callaghan's advice of June 18, 1979 when he said that "the Labour Party would not support industrial action taken for pnrely political purposes."

The misguided advice of union leaders to take strike action has contrihuted more to the de-industrialisation of Britain than any cheap import and the strike weapon has hecome that bara-kari of British industry.

D. G. Franklin.
Lerpiniere House,
121, Kennington Road, SE11

Inner city housing

From the Director, National Home Improvement Council.

Sir,—The points made by A. K. Ogilvy-Webb (May 1) following Gillian Darley's article about the Soho Hopsing Association and the need to revitalise the economies of inner cities are most important.

The National Home Improvement Councll believes it is essential for the success of inner city revitalisation to mobilise all the interested people and to concentrate their resources in a comhined effort to bring about results.

For this reason the NHIC is currently investigating the neighbourhood housing services concept (NHS) as it is applied in the U.S. Especially to consider how the concept bas been translated into action and whether the idea can be adapted to the UK.

The NHS concept is about getting a partnership between residents, local government and financial institutions to revitalise a neighbourhood. It is conceroed not only to improve the nelghbourhood homes but also its total environment and social facilities. The key to the cncept is the inter-action between public and private sectors, local residents and husiness interests to achieve revitalisation, rather than relying on one interested party, eg, the local authority.

There are two key organisational elements hehind the concept: a central organisation which is able to act as a catalyst througb the provision of information, education and training, liaising with all interested parties; and there is the local NHS organisation huilt round the residents and commercial interests of the NHS area.

The NHIC is interested in this concept because it recognises the central importance of enlightened self interest as the motivation for action and uses it positively for the benefit of all the agencies involved in the improvement process. We believe it accords with current Government policy hy: minimising intervention by the puhlic sector; encouraging and organising private leoding for home improvements; and preventing decline in the "better" part of our older housing stock which currently receives little or no attention. To find out if this concept will provide the answer to prodncing an ongoing catalyst for inner city revitalisation we must await the investigation.

Whatever the outcome we are convinced of the need to encourage and belp those organisations which are actually trying to help the recovery of inner vities and wherever possible, persuade organisation to work together towards achieving a common ohjective.

Ernest Cantle,
National Home Improvement Council,
26 Store Street, WC1.

Leasing, industry and the Finance Bill

From Mr. M. Rohinson

Sir,—The Finance (No. 2) Bill bad its second reading in the House of Commons on May 8 and this may therefore be an appropriate time to suggest that the Government should devote some time to a review of the proposals in the Bill to restrict capital allowances on assets purchased for leasing to third parties. I believe that if the provisions are enacted in their present form they will bave a most damaging effect on a good many sectors of British industry.

The specific proposals follow from the Chancellor's Budget speech and he began his comments on this topic as follows:—"Leasing, in which the banks have been heavily involved, has grown rapidly in the past few years. Underlying this growth has been the 100 per cent capital allowance which leasing companies can claim on assets bought for leasing." This is indeed true and it is this ahuse of the system which caused the Chancellor to scrutinise the world of leasing. His study of the problem however, led him to the following conclusion: "The present rules apply to equipment leased to UK industrial and commercial companies, which would qualify ln their own right for these tax incentives if they were to purchase the assets themselves. I do not propose any changes in transactions of this kind. Leasing finance has become an important — in many caaes essential — source of finance for investment in manufacturing industry."

The Chencellor's decision in thia matter is open to criticism. If leasing finance is so important to industry, it is surprising that it has only grown in recent years. The Chancellor gives the reason for this and he is quite correct that lt is only the 100 per cent capital allowance and not the commercial consideration which have caused this phenomenon. If the purchase of an item of plant is a feasible commercial proposition when it is bought by a bank and leased to a manufacturer, will it not be equally feasible for the manufacturer to purchase the plant himself raising the finance by wey of loan from the bank?

The effect of the current leasing rather than lending policy of banks is to transfer tax incentives from one company, whicb might not necessarily need them (because of other reliefs, e.g. stock appreciation relief) to a company which uses those incentives to reduce its own tax liability. The primary reason for this type of leasing is not commercial but fiscal and this abuse of our taxation system should be stopped.

The chancellor went on to say that "leasing eectively extends the benetfis of tax incentives to certain users—such as overseas companies, certain public bodies in the UK and consumers—who would not qualify for the tax incentives if they bad purchased the equipment themselves. I propose to end these anomalies." The provisiona as currently drafted will affect a company if an asset is leased at any time within a four year period to a person in one of those categories (subject to an exemption for leasing for short periods of time to each customer). Those particularly hard hit hy this rule will be plant hire companies who may lease (say) a crane to a local authority to build a school or a hospital and they must ask a mnch higher rental if to enter into such a transaction would result in a clawback of their capital allowance on that crane. This cannot be socially acceptable.

A hona fide plan hire company will seek maximum utilisation of its plant and to achieve this may have to lease that plant to a non-taxahle person and thereby sueffr a clawback. Contrast this with the position of a bank which can pick and cbose tha assets it huys for leasing so as to ensure that the lessee is a UK taxable person and that tha bank can therefore obtain the capltal allowance. Furthermore, many plant hire companies operate an international hire division and the withdrawal of allowances for cranes used in this trade will have a serious effect on this significant source of foreign currency earnings, particularly as such businesses are already suffering from the strength of the pound.

It seems that the Chancellor is determined to deny allowances to their rental companies as their assets are purchased for leasing to the consumer and if he is convinced I presume that he will not be swayed by appeals for clemency althougb it may be pointed out that (on the assumption that all industries are price competitive) tax incentives will ultimately benefit either a foreign person or a UK consnmer and the distinction whicb be has drawn is therefore somewhat arbitrary. TV rental companies have claimed that the intended legislation would result in a swing away from rental towards hire purchase, the latter involving a far greater proportion of imported sets.

There are many other types of company which will be affected by lhe proposed legislation, those, for example, involved in the hire of:— aeroplanes, fork lift trucks, office equipment, sanitary equipment, scaffolding and many others. In some cases the extra costs involved in providing the information and documents required by the Inland Revenne to satisfy themselves that the provision do not apply will be extremely large.

The Chancellor referred in his speech to the liquidity problems facing many companies and these Budget proposals will do nothing but exacerbate the problem for many companies selected in an almost random way. I believe that he should follow the example of Anthony Barber and relent in bis attack on companies whose only crime is to enter into normal business contracts with public bodies or foreign customers, concentrating instead on the true offenders, i.e. banks and other financiers who are taking an unfair advantage of our taxation incentive system to shelter their income from a proper tax charge.

Michael H. Robinson.
2 Parsonage Place,
Tring, Herts.
2, Parsonage Place,
Tring, Herts.

Today's Events

UK: Mrs. Margaret Thatcher addresses Scottish Conservative Conference, City Halls, Perth.

Association of British Chambers of Commerce annual conference debates Industry into the Eigbties—speakers include Viscount Treochard, Minister of Stae for Industry, Royal Garden Hotel, Kensington, London.

Mr. Michael Heseltine, Environment Secretary, gives opening adress at Royal Iostitute of Public Administration and Institute of Local Government Studies conference, Royal Lancaster Hotel, London.

Six Clay Cross rebels apply for bankruptcy discharge, County Court, Chesterfield.

Special auction by Stanley Glbhons Auctions of "Marc Haas" collection of clessic U.S. covers, Loodon Tara Hotel.

Annual Ivor Novello Awards Luncheon, presented by the British Academy of Songwriters, Composers and authors, Grosvenor House, Londoo.

Overseas: Second day of meeting nl Nairobi of Ministers from 68 countries to discus Europeen Common Market ald for Africao, Carihbean and Pacific (ACP) nations.

Fraoco-African summit meeting continues, Nice.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

COMPANY RESULTS

Final divideods: Burrell. Jobn Crowther Group. Edinburgh General Insurance Services. Garner Scotblair. Nineteen Tweoty-Elght Investmeot Trust. Usher-Walker. Weeks Associates. Interim dividends: Richarde. Ulster Televlsion. Vaux Brewerles.

COMPANY MEETINGS

Ault and Wiborg, 71, Standen Road, SW, 12. Bronx Engineering, 75, Harborne Road, Edghaston, Birmlngham, 12. Church and Co., St. James, Northampton, 12. Eagle Star, 22 Arlington Street, SW, 12. High Gosforth Park, Newcastle-upon-Tyne, 12. Nu-Swift, Ladbroke, Mercury Motor Inn, Ainsley Top, Huddersfield, 12. Sharna Were, Midland Hotel, Peter's Street, Manchester, 12.30. Silkolene Lubricant, Silkolene Oil Refinery, Derby Road, Belper, Derbyshire, 12. Tricentrol, Great Eastern Hotel, EC, 12. Ultramar, Winchester House, 100, Old Broad Street, 11. Uoicorn Iodustries, 13, Park Street, Windsor, Berkshire, 12.

CITY OF LONDON LUNCH-TIME MUSIC

St. Paul's Cathedral, organ recital, Ian Sedler, 12.30. Central London Institute, 6, Bolt Court, soog recital, Janice Wilks (sopraoo) aod Nicholas Bosworth (piano), 1.10. Guildhall School of Music aod Drama, recital of Itallao Baroque vocal music, directed by Laura Sarti and David Roblou, 1.10.

Royal Bank of Scotland £10m rise at midyear

BENEFITING FROM increased volumes and bigh domestic interest rates, pre-tax profits of the Royal Bank of Scotland Gronp advanced to £51.75m in the six months ended March 31, 1980, compared with £41.08m last time.

However, margins on both domestic and international business have narrowed, and operating costs have risen more sharply than the rate of inflation, in particular provisions for pensions, says Mr. Michael Herries, the chairman.

The interim divtdend ls lifted from 1.82p to 2.2p net—last year a total of 3.92p was paid from 12 months' profits of £96.64m.

The first-half surplus is struck after charging had and doubtful debt provisions of £8.1m (£7.4m), and includes an increased associates' share of £7.73m (£6.85m), due mainly to improved results from Lloyds and Scottish, and Yorkshire Bank.

On a current cost basis, the pre-tax profit is reduced to £28m (£27.9m).

After tax of £16.55m (£14.62m), there is a net profit of £33.2m (£26.46m), and earnings per 25p sbare are shown as 14.8p (11.8p).

An extraordinary credit this time of £1.41m (£145,000) and the £4.95m (£3.42m) absorbed by dividends leaves the retained surplus at £29.63m (£23.16m).

Higsons soars first half

A SUBSTANTIAL lmprovement in pre-tax profits is reported by the Liverpool-based Higsons Brewery in the 26 weeks to March 28, 1980, and the figures are up from £137,552 to £613,147. Investment income and interest amount to £89,553 against £28,046.

After tax up from £57,000 to £240,000, stated earnings per 25p stock unit are np from 0.8p to 3.68p, and the intarim dlvidend is unchanged at 0.4p—last year's total was 2.75p from pre-tax profits of £1.39m.

Mr. K. R. Mackenzie, the chairman, says the increase in profits arises from a cbange to continuous trading from a serious strike situation during the previous year.

The trading profit as compared with two years ago is, however, disappointing and it indicates the difficulty of trading in an area of high unemployment such as Merseyside. Competition is severe, particularly in the free trade in which eroding margina give cause for concern, he says.

Given reasonable summer weather and a continuation of improved industrial relations be anticipates pre-tax profits for the year to equal tha 1978 figures.

Turnover in the first six months was up from £9.38m to £11.22m.

Wood Hall aims for £8m after midterm Australion boost

LARGELY ATTRIBUTABLE to its Australian subsidiaries, pre-tax profits of Wood Hall Trust sbowed a substantial increase from £2.74m to £5.05m for the six months to December 31, 1979. A full-year figure of around £8m is forecast, which compares with £7.88m previously which was before an exceptional debit of £1.86m.

The Auatralian subsidiaries of this industrial holding company are expected to produce lower profits in the second half, although their full-year contribution will be considerably higher than last time.

All companies within the group are being hit by high interest rates and by increasingly difficult and uncertain trading and economic conditions in the UK and other countries.

The directors expect to recommend a maintained net dividend of 6.211p per 25p share for the year.

Turnover for the aix months advanced from £127.42m to £141.35m. Tax charge was £2.26m (£1.33m) and after minorities and extraordinary credits, attributable profits merged ahead from £1.74m to £2.62m.

● comment

The crystal ball is clear enough at Wood Hall to forecast £8m for the current year, indicating a prospective fully-taxed p/e of 7.4 and a prospective yield of 6.5. The market probably liked the profits, but was not so happy about a maintained dividend wben it marked the shares down 1½p to 94½p. Australia has provided the growth, though this will slow in the second half both seasonally and because of the effect of drought on pastoral business. UK construction has had a dull half, with materials handling performing well. The couservative dividend policy coupled with an absence of extraordinary items will give a substantial boost to current year retained earnings, which ahould in turn belp to contain borrowings which in the 1979 balance sheet topped £40m.

British Sugar slips £0.4m as interest costs jump

ALTHOUCH PRE-INTEREST profits showed a 19 per cent advance to £16.39m, a sharp increase in interest charges meant that pre-tax surplus of British Sugar Corporation slipped from £10.19m to £9.8m for the 26 weeks ended March 30, 1980. Turnover rose by £18.41m to £237.54m.

Increased efficiency ln the production of a rescord amount of white sugar, 1.15m tonnes, helped the group to offset soaring inflation in the general price of fuel and some other bought-in materials, while price changes also made some contribution.

Profits would have been higher hut for the group's policy decision to contract to pay the farmers' share (about £5.2m in the full year) of the "B" quota levy on augar from the 1979-80 crop, in order to offset green pound over-valuation at that time.

The jump in interest charges from £3.56m to £6.58m resulted from the group'a substantially higber stocks at the end of the period, which led to increased borrowings at very high levels of interest.

This year there will not be a boost to second-half profits from devaluation of the green pound, as in the past two years, although some price increases and a higber volume of sugar sales will assist.

Tax for the first six months took £707,000 (£467,000) leaving net profits of £9.1m against £9.72m. To rednce disparity, the interim dlvidend ia lifted from 1.815p to 2.75p net per 50p share, costing £1.65m (£1.09m)—the 1978-79 total was 7.7p on £32.41m taxahle profits.

Looking ahead, the directors say they are confident that any check in profits will be ahort-term.

They feel that tbe present level of interest rates will not continue for tong, while in addition, the contract negotiated for the new (1980-81) crop, which has recently been drilled, shares the burden of the "B" quota levy more equitably between the farmers and the company.

Further improvements are expected to show through ln the efficiency of the group's reconstructed factories, following the completion of the main expansion programme.

Their confidence is reinforced hy the group's emphasis on cost efficiency and that its competitors no longer benefit from subsidies.

Areas of the new crop are about the same as last year but they have been sown earlier and in virtually optimum conditions.

Referring to the EEC's qnota negotiations, the directors comment that uncertainty is not helpful and hat it inhibits crucial decistons abont the future development of British Sugar and also denies the group its deserved rating outside.

HIGHLIGHTS

The Lex column comments on the limited applications for the new gilt-edged issua and the Governments further extension of its help to the bank,s before going on to discuss the day's htree main company stories. The Royal Bank of Scotland disappointed with its half year profits which are lower than the second half of last year despite extremely high interest rates. The British Sugar Corporatlon is being hit by the costs of financing its sugar mountain and hopes of a cash surplus have been deferred. Finally Lex analyses the complex deal whereby S. Pearson realises part of its indirect investment in London Merchant Securities.

£1.4m rise at Argus Press

PRE-TAX PROFITS of Argus Press Holdings, wholly owned hy the British Electric Traction Company, improved to £3.89m for 1979, against £2.52m, after rising from £1.28m to £2.11m at halfway.

Turnover, of this printing and publishing concern, jumped nearly £17m to £36.03m (£19.38m), and the dividend is increased to 37p (22p) per share with a final of 27p.

The year's tax charge was £1.98m compared with £1.32m, and minority interest was £27,660 (£23,256).

Earnings per share are given as 57.89p (35.93p).

Turnover of aubsidiary, Argus Press Limited, advanced to £24.8m (£18.43m), and the taxable surplus finished the year ahead at £3.08m compared with £2.65m.

Earnings per share are shown as 76.86p (71.25p) and the dividend is cut from 46p to 43.5p with a 23p final payment.

Tax took £1.65m (£1.33m) and minorities profits were £16,542 against £12,368.

Bellway expecting similar result

WITH PRE-TAX profits edging abead from £1.74m to £1.84m in the six months to January 31, 1980, Beltway, the Newcastle-upon-Tyne housebuilder, expects results for the full year to he maintained.

The 6rst half results are considered to be aatisfactory in the prevailing economic climate, and they are indicative of the continuing demaod for bouse purchase in the areas where the company operates.

Subsidiary companies continue to make a useful contribution to pre-tax profits, bnt the closure of its overseas activities is proceeding and tbe assets are heing realised, says lbe Board.

Firt half trading profit improved from £1.85m to £1.99m, and net property rental was up from £101,000 to £121,000. Interest payahle was £270,000 against £209,000.

After tax of £196,000 (£99,000) and extranrdinary debits last time attributahle profit came out at £1.64m (£1.25m). Stated earnings per 25p share are unchanged at 12½p, and the net interim dividend is a same again 3p—last year's total was 7p from pre-tax profits of £3.72m.

Turnover for the half year was up from £12.26m (£13.07m).

Fairclough

Orders worth about £70m have been received by Fairclough Construction Group since the beginning of January to the preseot time, Mr. Oswald Davies, the chairman, told shareholders. "We are getting more than our fair share of the market," he said.

The workload was considerably more than in the previous year, even allowing for inflation.

He said the company expected to do hetter this year and that a good year would follow in 1981.

Rothschild future relationship

N. M. Rothschild & Sons and Rothschild Investment Trust bave been holding discussions in recent months to determioe the appropriate form of the future relationship between the two companles.

These have laken place against the hackground of RIT's recent development with its lncreased lnvolvement to certain sectors of the financial servlces business. The development carries with It a possibility of confusion being created over the ldentity of the group operating in the relevant markets and of conflicts of lnterests arlsing for common dlrectors.

To help avoid these risks and potential conflicts and to allow both companies to develop independently, it has been agreed that Mr. Evelyn de Rothschild, the chairman of NMR, and Mr. J. Kenneth Dick, a non-executive director of NMR, are resigning from the Board of RIT.

It has also heen agreed that the existing investment and financial advisory arrangements between NMR and RIT will be discootinued, RIT using its own capacity in the field of investment management.

The Hon. Jacob Rothschild, chairman of RIT, continues as a non-executive director of NMR.

See Men and Matters

Seccombe unchanged

Net profits of Seccombe Marshall and Campion, bill broker and banker, remained virtually unchanged at £228,196, against £227,338, in the year to April 30, 1980.

The final dividend is raised from 9.3985p to 10p for a net total of 16p (14.8985p) ahsorbing £224,000 against £210,349.

Retained earnings carrled forward amount to £628,912 (£624,716).

HERON OFFER

The offers by Heron International to acqulre both classes of sbares in Heron Corporation have now become uaconditional in all respects.

Megafoam plans to enter market through placing

BY TERRY GARRETT

MEGAFOAM, a cavity wall insulation company, ia planning to come to the stock market with a full listing thia autumn. The company will be making a placing through stockbrokers Earnshaw Hayes of a quarter of the equity. The founding directors, David Cameron and Edward Cibbons will be selling some of their sharesand probably there will be some new capital which may be used to increase the asset base by the purcbase of freehold property.

Megafoam is one of the survivors of the mid-seventies debacle wben the Government of the day clamped down on cavity wall insulation companies hecause of the number of "cowboys in the trade." The Government's move meant that all cavity wall insulation would be in breacb of the building regulations. Therefore all insulation had to he approved hy local councils. This slowed down orders dramatically. The number of companies in the industry dropped from 3,000 to around 100. Later the Goveroment agreed to a relaxation.

However, sales took a tumble and by 1976 Megafoam was told by its advisors that lt should go into liquidation. It was at this point that David Cameron, the chief executive, came into his own. He saw a revival in the market despite the heat-wave of that summer. Time bas proved him correct and this year Megafoam could make a profit of £0.5m on sales of £3m.

It is still a one product company. Despite some attempts to diversify during the mid-sixties which proved uneconomic, David Cameron stays true to the foam insulation market.

Earnshaw Hayes reckon that Megafoam could come to the market with a market capitalisation of around £2.5m. The yield will probably approach 10 per cent and the p/e (fully taxed) will be pitched in the area of 10.

PEERLESS

Peerless, a diversified consumer products group, is due to publish its prospectus on Monday in connection with the offer for sale of 25 per cent of its issued share capital.

The group is estimating a pre-tax profit for £3.8m for the year ended March 31, 1980 on sales of £33.3m.

Brokers to the offer are Hoare Covett and Murray and Company.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Atlas Elec. Tst.	2.1	June 25	1.5	3	2.25
Bellway ....int.	3	July 10	3	—	7
British Inv. Trust	4	July 4	3.25	7.85	5.7
British Sugar ....int.	2.75‡	—	1.82	—	7.7
Canadian & Foreign Inv.	3.35	July 2	2.7	5.1	4.2
F. Cooper (Hldgs.) ...int.	0.5	June 16	0.33	—	1.5
Davenports Brewery int	1.1	July 2	0.88	—	3.55
Hawkins & Tipson ...int.	Nil	—	1	—	1
Hawtin	0.25	—	0.25	0.25	0.25
Higsons Brewery ...int.	0.4	June 19	0.4	—	2.75
Hoveringham	2.1	July 4	1.64	2.79	2.32
LK Industrial	Nil	—	1.45	1.5	2.9
Moss Bros.	1.91	July 14	1.9*	3.31	3*
N. Midland Constrn. int.	0.65	—	0.45	—	1.45
C. H. Pearce & Sons int.	2.5	June 17	1.45	—	7.7
Porter Chadburn	4.46	July 3	4.26	6.15	5.89
RHP ....int	2‡	July 14	1.44	—	4.9
Royal Bank Scotland int.	2.2	July 1	1.52	—	3.92
Sandhurst Marketing ...	1.56	—	0.68§	2.34	0.68§
Seccombe Marshall	10	July 1	9.4	16	14.9
Serck ....int.	1.2	Aug. 4	2.2	—	3.4
T'vaal. Cons. Land.** int.	65	July 4	42	—††	135
Tricoville ....int.	0.88	—	0.68	—	2.2

Dividends shown pence per share net except where otherwise slated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity.
§ For seven months.
§ For seven months. ** South African cents throughout. †† Final of at least 125 cents forecast.

UK COMPANY NEWS

Hoveringham hit by higher depreciation and interest

HIGHER depreciation and interest charges have cut back the trading surplus increase at Hoveringham Group and left this quarry concern with taxable profits down by £1.05m at £3.81m for 1979. Turnover expanded from £45.6m to £61.7m.

Trading surplus was £9.56m against £7.4m, but interest took £1.72m, compared with £616,000, and depreciation £3.84m (£1.8m).

Pre-tax figure was also struck after land depletion of £334,000 (£272,000) and included associates' profit of £139,000 (£152,000).

After lower tax, however, of £1.53m (£2.58m) the year's net profit came out virtually unchanged at £2.28m against £2.29m.

Earnings per 25p share are shown as 11.89p (12.19p) and the dividend is stepped up to 2.7875p (2.3227p) net with a final payment of 2.1p.

A revaluation of the group's UK properties, as at December 31, showed a surplus of £18m over book value, which has been taken to reserves.

• comment

Hoveringham would have been level-pegging if it had not been for a pre-tax loss of almost £1m from its Texas-based sand and gravel concern. After a winter-induced 55 per cent pre-tax fall at the half-way stage, the second half picked up a home. Querry interests, a significant part of group business, held their own and there was a net gain of 11.5 per cent in pre-tax earnings in the second half. But interest charges, some related to the U.S. acquisition, almost tripled, cutting into earnings. The U.S. problems may continue with reorganisation expenses and flat demand keeping Texas in the red until the end of 1980. With its revaluation of UK properties the company is now riding on a net asset value of around 150p, against a share price of 70p. Other companies might shudder at this situation, but Hoveringham has a complex and efficient system of family control. The p/e of 5.7 does not include any bid speculation because of this tight control. Hoveringham has put the dividend up by a fifth and the yield comes to just under 6 per cent.

R. Cartwright

After spending over £0.75m on providing extra space and production capacity for its steel partitioning company at Redditch, R. Cartwright (Holdings) had been told it could have no extra supplies of gas, Mr. J. C. Northam, chairman, told the annual meeting.

As the manufacturing processes in this unit were heavily dependent on gas, the company would not be able to work economically, would not get the extra production to meet demand, and the extra labour for which it had budgeted would not be employed, he said.

Referring to the current year, Mr. Northam said most companies in the group had had a better first quarter. But he felt it would be foolish to try to make a prediction even on the half-year results.

£2.15m loss by British Enkalon

FOLLOWING LAST September's warning of a disappointing full year result, British Enkalon, man-made fibre producer, badly affected by an overwhelming flow of U.S. imports, incurred a pre-tax loss of £2.15m for 1979, compared with £0.25m previously. The company is controlled by Akzo NV, of Holland.

To overcome these problems and its present high financing costs, the group is pressing ahead with actions within the Enka Fibre Group of Akzo.

The year's result included associate's profits of £386,000 (£458,000), but was struck after interest up sharply from £1.01m to £2.34m.

There was a tax credit of £8,000 (£501,000) and after minorities the attributable deficit emerged at £2.64m, against £0.99m.

Loss per 25p share reached 7p (3p).

At the interim stage, loss before tax had increased from £265,000 to £531,000.

LK Industrial in loss and passes final

After falling from £164,544 to £29,290 at midway, L.K. Industrial Investments finished 1979 with a pre-tax loss of £14,868 against profits of £201,326.

The deficit includes trading losses of £73,680 from the now-discontinued operations of Kirby Dartford, but also reflects lower than forecast profits from other subsidiaries and high interest, say the directors.

The final dividend is omitted, leaving the total for the year at 1.5p (2.9p), and the directors say they will review the situation as the current year progresses. They warn that trading conditions for those companies in the group involved in the supply of capital equipment have not been easy in the opening months of 1980.

Turnover of the group, which manufactures metal, plastic and synthetic rubber products and equipment to the clothing and packaging industries, was virtually static at £4.42m (£4.54m).

There is a tax charge of £107 (£65,561) and an extraordinary debit this time of £30,419, representing the losses of discontinued operations together with reorganisation costs.

The loss per 25p share is shown as 0.68p (5.65p earnings).

F. Cooper higher: plans scrip

FIRST-HALF 1979-80 taxable profits of Frederick Cooper (Holdings), steel processor and engineer, rose from £291,618 to £341,483, and the directors propose to make a one-for-three scrip issue.

The interim dividend is raised to 0.5p net (0.33p)—last year a final of 1.17p was paid from total pre-tax profits of £675,498.

Turnover went ahead from £6.35m to £7.25m and six months' tax takes £79,040 (£57,498).

Davenports Brewery improves

ON TURNOVER almost £1m higher at £13.24m, taxable profits of Davenports Brewery (Holdings) increased from £507,000 to £586,000 for the half-year to March 29, 1980.

Stated earnings per 25p share climbed from 2.96p to 3.43p and the interim dividend is raised to 1.1p (0.88p) net—the total last time was 3.55p on pre-tax profits of £1.55m.

Interest charge for the six months increased from £117,000 to £161,000 and tax was up from £264,000 to £305,000.

PORTALS HLDGS.

The annual general meeting of *Portals Holdings* has been postponed to June 18, because of the printing industry dispute.

Tricoville 20% up midway

ON TURNOVER just ahead from £4.84m to £4.92m, taxable profits of Tricoville, design and marketing of fashionwear concern, expanded by 20 per cent from £415,000 to £501,000 for the half-year ended January 19, 1980.

Mr. D. A. Jacobs, chairman, says the group is confident of record profits for the full year—pre-tax surplus for the 1978/79 year rose to £892,000.

The interim dividend is boosted from 0.675p to 0.846p, a 25 per cent increase, last year's final being 1.525p net per 10p share.

Tax for the six months takes £246,000, compared with £198,000, leaving net profits ahead at £255,000 against £217,000.

Interim dividend cost is £33,849 (£27,000).

No interim at Hawkins and Tipson

AFTER falling from £1.1m to £427,000 last year, Hawkins and Tipson has pushed pre-tax profits up from £127,000 to £358,000 for the six months ended February 29, 1980.

But, in view of uncertain trading conditions, the directors are not paying an interim dividend—last year's final was also omitted leaving the total at 1p (4.458p) net per 25p share.

Mr. A. J. Barrett, chairman, says that the factory and office closure programme is well advanced and will be completed during the second half. However, while significant savings arise from the programme, he says that associated redundancy and closure expenses will represent a net additional cost for the year.

Sales for the six months were 16 per cent higher at £10.12m (£8.72m). The chairman says that trading conditions for the rope and wire rope side of the business were difficult, but that encouraging progress continues to be made in the gardening and leisure sectors.

Profits were struck after interest of £332,000 (£261,000).

After an extraordinary debit of £47,000 for the period, and dividends last time, the retained balance was £125,000 compared with £6,000.

CELTIC BASIN

Celtic Basin Oil Exploration announced that acceptances have been received in respect of 229,411 (92.3 per cent) of the new ordinary shares offered by rights.

Companies and Markets

UK COMPANY NEWS

Serck climbs to £1.2m midyear and is confident

THE aftermath of the engineering strike had a retarding effect on results of Serck, manufacturer of heat exchangers and valves, control equipment and vehicle exchange parts, in the six months to March 31, 1980, but pre-tax profits still climbed from £500,000 to £1.2m. Sales were up from £44.8m to £52.6m.

The figure was struck after interest up from £600,000 to (£15,000 credit), stated earnings per 25p share on an annual rate are 3p against 2.4p and the net interim dividend is trimmed from 2.2p to 1.2p—last year's total was 3.4p from pre-tax profits of £1.6m. Mr. R. G. Martin, the chairman, expects this level of dividend to be at least maintainable in 1980.

Closure and major reorganisation costs incurred and committed during the year to September 30, 1979 of £3.1m which were treated as extraordinary items, are not included in the interim figures.

Although business conditions are in general difficult, the chairman's previous expectation of a much improved full year result remains.

Commenting on the unsuccessful offer by Rockwell International Holdings for the 70.3 per cent shares of the company not held by them, Mr. Martin says: "Insofar as shareholders have been deprived of an opportunity to realise their investment at a price substantially in excess of market value, the outcome is disappointing.

"In other respects, however, the bid was not welcome and the Board would not welcome any other takeover proposals."

● comment

Savage interest rates are taking most of the steam out of Serck's attempts to pull out of the 1979 trough and although the group remains confident of the strength of the services, heat exchange and, most importantly, the valve divisions, recovery will clearly be a long process. The water processing and controls operations are apparently moving further into higher technology markets but the establishment of plug valve production facilities in the U.S. must be seen as a medium term project. In the meantime, the group is obviously very aware of the possibility of yet another bid. Rockwell is holding its near 30 per cent stake as an "investment" but the yield of 6.5 per cent implied by a maintained dividend this year at its buying price of 75 offers scant argument for hanging on at all costs. Down 1p to 52p yesterday, the shares are now yielding 9.6 per cent but a return to the mooted offer price will require sound evidence that a recovery is firmly based and that last year's £7.2m cash outflow has been staunched.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—G.R. Holdings, NSS Newsagents, Richards Limited, Ulster Television, Vaux Breweries.

Finals:—James Beattie, Burrell, John Crowther, Garner Scotblair, 1928 Investment Trust, Philips Lamps, Usher-Walker, Weeks Associates.

FUTURE DATES

Interims:—

Bass	May 28
Herman Smith	May 13
Jenks and Cattell	May 14
Jessups	May 14
Kelsey Industries	May 20
Riley (E. J.)	May 12
Stakis (Reo) Organisation	May 12
Unitad Scientific	May 13
Williams (John) of Cardiff	May 20

Finals—

Allied Irish Banks	May 21
Culter Guard Bridge	Jun 5
British Northrop	May 14
Culter Guard Bridge	June 5
Evans of Leeds	June 26
Hartwells	May 21
Holt Lloyd International	May 15
Land Securities Inv Trust	May 19
Leech (William)	May 15
London & Lennox Inv. Trust	May 19
London & Overseas Freighters	May 30
Outwich Inv. Trust	May 19
Panto (P.)	May 27
Portsmouth & Sundrld. Nwspra.	May 22
Sangers Group	May 29
Scottish European Investment	May 21
United Engineering	May 15
Walker (C. & W.)	May 16
Witan Investment	May 22
Young Cos. Inv. Trust	May 12

Hawtin grows by £159,000

Pre-tax profits of Hawtin, manufacturer and distributor of protective clothing and safety equipment, improved by £159,000 to £1.18m in the year to January 31, 1980.

The surplus was struck after interest substantially higher at £266,000 against £50,000.

After tax of £133,000 (£200,000) and an extraordinary debit of £177,000 (£183,000), stated earnings per 5p share are 2.97p (2.34p). The dividend is unchanged at 0.25p.

Turnover for the year climbed from £7.72m to £12.13m.

Sandhurst Marketing £0.51m for year —future 'superb'

FOR the year ended January 31, 1980, turnover of Sandhurst Marketing amounted to £6m and pre-tax profits were £507,000. For the January 31, 1979, seven months period, comparative figures were £2.8m and £200,000 respectively.

Mr. B. D. Hulme, chairman of this stationery products and chemicals group, says in his annual review with the accounts that the future looks superb as every company in the group is poised for growth.

Turnover for the first eight weeks of 1980-81 is up by 38.3 per cent, and the group is trading profitably, he states.

He adds that directors are looking for a total turnover in excess of £7.6m for the current year, "with the commensurate net profits."

Following acquisitions and developments in the Channel Islands, during and after the 12 months period, the directors anticipate over £1m turnover from this stationery side of the business.

Year-end earnings per 10p share are shown as 12.99p (5.43p for seven months, and the dividend total is 2.34p (0.6808p) with a final payment of 1.56p. Also proposed is a one-for-three scrip issue.

Tax took £22,000 (£3,000 credit), and after an extraordinary debit of £58,000 (£10,000) and dividends, £87,000 (£26,000), the amount retained came through at £340,000, compared with £167,000 for the seven months last time.

On a CCA basis profits are reduced to £347,000 after adjustments for depreciation of £45,000, cost of sales £200,000 less gearing £85,000.

Meeting, Crawley, Sussex, June 2, at 11.30 am.

● comment

Sandhurst has lived up to expectations by breaking the £½m profits barrier. With the first quarter showing a sales gain of 35 per cent and a forecast of £7.6m sales as a base, profits in this twelve months should top £650,000 assuming no disasters in the second half. The next set of figures—the half year to July—will not look brilliant because of the costs of moving from Haywards Heath to Newquay. However, 80 per cent of moving costs will eventually be covered by government grants. The balance sheet gearing ratios have moved significantly upwards but net debt of £1.3m (shareholders' funds are £3.1m) should come down as Government grants owing of £170,000 and £250,000 cash on the Haywards Heath sale come through. The shares responded yesterday with a 5p rise to 73p where the prospective fully taxed p/e drops to no more than 8½ against 11 historic (5¼ on the actual tax charge) and the yield is an historic 4.7 per cent. The shares are not obviously cheap, but the ingredients are there for a progressive rise in profits.

MOUNTLEIGH

Mountleigh Group has completed the acquisition of Garrison Works, Birch Vale near Stockport, Cheshire, for £230,000 cash. This is an industrial property of some 131,000 sq ft currently producing a rental income of £47,000 per annum.

INVESTMENT TRUSTS

British Inv. Trust advances

TOTAL REVENUE of the British Investment Trust expanded from £6,158,280 to £8,314,590 for the year ended March 31, 1980 and earnings per 25p share emerged up by 2.07p at 8.18p.

Including this time the special 0.85p already paid, the dividend total is stepped up from 5.7p to 7.85p net per share with a final of 4p.

Tax charge rose from £1,708,442 to £2,546,718.

CANADIAN AND FOREIGN

Gross revenue of Canadian and Foreign Investment Trust improved from £675,000 to £737,000 and earnings per 25p share were 5.79p, against 4.84p. A final dividend of 3.35p makes a total net payment of 5.1p (4.2p).

Total net assets attributable to ordinary holders dropped from £11.31m to £9.82m. Net asset value per share was down at 147p (169.3p) after prior charges at par, and at 151.5p (173.6p) after the same at market value.

ATLAS ELECTRIC TRUST ADVANCES

Including non-recurring dividends of £0.47m, gross income of the Atlas Electric and General Trust rose some 25 per cent to £6.87m in the year ended March 31, 1980, compared with £5.51m.

The dividend is stepped up from 2.25p to 3p net with a final of 2.1p.

After all expenses, including tax of £1.88m (£1.51m), net revenue is £3.89m (£2.67m) and earnings are shown up from 2.34p to 3.46p including the non-recurring dividends, and 3.16p excluding them.

Net asset value, after deducting prior charges at par and including investment currency premium, is 85.5p (99p).

DUALVEST

Pre-tax revenue of Dualvest, investment trust, improved from £758,542 to £950,431 in the year to March 31, 1980.

After tax of £332,500 (£286,132), net revenue came out at £617,931 against £472,410. The final dividend is raised from 2.961p to 3.203p, making the total 6.8659p (6.141p), which includes a special payment of 0.7249p.

Net asset value per share was 401½p (472p).

ALTIFUND AHEAD

Net revenue, after expenses and interest but before tax, of Altifund, investment trust, rose from £392,12 to £469,440 in the year ended March 31, 1980. Gross revenue was ahead at £514,470 against £424,284.

The dividend on income shares is lifted from 10p to 12.5p net with a final of 8.5p. A final of 0.425p increases the payout on capital shares to 0.625p (0.5p).

Tax for the year takes £146,166 (£131,690).

At the balance date, total assets at market value, less current liabilities including the dividends, amounted to £6.91m (£7.82m).

TRUST UNION

Including this time special non-recurring income of £224,773, total income of the Trust Union rose by 26 per cent to £2.47m for the year ended March 31, 1980. After all charges and tax revenue climbed from £982,057 to £1.38m.

Earnings per share are shown as 3.16p (2.24p) including non-recurring income, and as 2.79p (2.24p) excluding the same. A final dividend of 1.5p raises the net total of 28.6 per cent from 2.1p to 2.7p—a total of 3p is forecast for the current year of which 1.5p will be paid as an interim.

Net asset value per share fell by 12 per cent from 86.1p to 75.8p.

RMP

Rand Mines Properties Limited

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

INTERIM REPORT TO SHAREHOLDERS FOR THE SIX MONTHS ENDED 31 MARCH 1980

Consolidated Profit

The unaudited consolidated results of Rand Mines Properties Limited and its subsidiaries for the six months ended 31 March 1980, together with the results for the same period last year and the audited results for the year ended 30 September 1979, are:

	Six months Ended 31 March 1980 R000	Six months Ended 31 March 1979 R000	Year Ended 30 Sept. 1979 R000
Turnover*	12 812	10 030	21 398
Profit before taxation	3 479	2 688	4 899
Taxation (Note 1)	1 130	547	627
Profit after taxation	2 349	2 141	4 272
Profit attributable to outside shareholders in subsidiaries	22	11	21
Consolidated Profit after taxation	2 327	2 130	4 251
Number of shares upon which earnings per share is based	12 403 337	12 403 337	12 403 337
Earnings per share based on consolidated profit after taxation	18.8 cents	17.2 cents	34.3 cents
Not included in the above results are the following:			
Surplus on disposal of investments (Note 2)	4 692	—	—
Timber rights written off (Note 3)	(750)	—	—
Cost of control of acquiring outstanding shares in subsidiary company written off	—	(89)	(89)

* Turnover consists of the following:

The proceeds of Township Sales, Limited, where applicable, to that portion of the sales from which profit has been taken, and rents. Also included are the proceeds derived from the realisation by subsidiaries of disused mining ground. Turnover from mining timber and other trading operations include the sales of gold, timber and other merchandise. Included in turnover for the year ended 30 September 1979, were the proceeds from the farming operations of T.G.M.E. of R405 000.

Profit before taxation includes:

	Six months Ended 31 March 1980 R000	Six months Ended 31 March 1979 R000	Year Ended 30 Sept. 1979 R000
(A) Profit from the sale of Property	2 222	1 668	3 232
(B) Profit of Thesens—timber and other	977	596	1 199
(C) Loss of T.G.M.E.—farming	—	(205)	(22)
(D) Profit from mining operations comprising:			
Profit from surface gold operations	227	324	400
Surplus on disposal of mining assets	340	359	567
Income from buildings no longer required for mining purposes	426	364	795
	993	1 047	1 762
Less net expenses	492	479	1 530
Mining profit	501	568	232

1. **Taxation:**
The higher effective tax rate as compared to the six months ended 31 March 1979, is attributed to
1.1 A lower level of non-taxable income being received.
1.2 Taxable income not being shielded by carried forward tax losses to the same extent

2. **Investment Transactions:**
2.1 With effect from 1 October 1979, Amethyst Properties (Proprietary) Limited, a wholly owned subsidiary of RMP has acquired for cash, the entire issued share capital of and loan account to Wadeville Investment Company (Proprietary) Limited from Hillman Developments (Proprietary) Limited, a wholly owned subsidiary of Barlow Rand Limited (Barlows) for R1 783 000 based on the rateable value referred to below.
Coopers and Lybrand, the auditors of RMP, consider the purchase price to be fair and reasonable.
Wadeville Investment Company (Proprietary) Limited owns approximately 91 hectares of land zoned for industrial purposes in the township of Wadeville extension 2, in Germiston, Transvaal, the present rateable value of which is R1 935 000.
It is intended to develop the land for future resale. This property will complement RMP's existing non-residential township stock and will enable the company to meet anticipated demand for industrial land in the central Witwatersrand area.
2.2 To enable the Company to finance the above acquisition and to provide additional funds, the investment in and loan account to Transvaal Gold Mining Estates Limited (TGME) has been disposed of to Barlows for R3 188 000 in cash.
The net asset value at the effective date, 1 October 1979, of the investment disposed of and the loan account to TGME was R1 295 000. The surplus on the disposal of this investment amounted to R1 893 000.
On 1 October 1979, TGME owned 12 842 hectares of freehold land situated in the Pilgrim's Rest district in the Eastern Transvaal. Since the acquisition of TGME by the Company, operations have been primarily concentrated on farming the land. The sale price was determined by reference to prices paid for similar assets in the area concerned and the valuations were arrived at after considering a report by an independent professional appraiser. That report specifically made an assessment of the value of the assets taking into account the farming potential of the land.
Prior to the above transaction, TGME disposed of its mineral and mining rights (excluding mining rights relating to agriculture) to Rand Mines Properties (Management Services) (Proprietary) Limited, a wholly owned subsidiary of RMP, for R80 000.
This disposal will not have a material affect on your Company's earnings per share.
2.3 As reported in the 1979 Annual Financial Statements and at the last Annual General Meeting, the Company has disposed of its 100 per cent investment in and loan account to *Midsteel (Proprietary) Limited* and its wholly owned subsidiary Managed Property Investments (Proprietary) Limited has disposed of its 50 per cent investment in and loan account to Barwing Properties (Proprietary) Limited. The total consideration is R4 646 000 of which R2 067 000 has been received in cash and the balance is payable over three years. The surplus on disposal of these investments amounted to R2 799 000.

3. **Timber Rights Written Off:**
The balance of the Thesens Timber rights valued at R750 000 has been written off, which is a change in the Company's accounting policy.

PROSPECTS FOR THE YEAR:
It is anticipated that, primarily due to the improved property market and the expected increased level of demand for the Company's township land, the results for the year to 30 September 1980 will show a satisfactory increase over the results for 1979.

CAPITAL COMMITMENTS:
The commitments for capital expenditure at 31 March 1980, including foreseen expenditure for sand retreatment dealt with below, amounted to R918 000 (1979: R160 000).

DIVIDEND:
It is the policy of the company to declare one dividend in October each year.

SAND RETREATMENT:
The company's technical advisers, Rand Mines Limited, have completed their investigations regarding the feasibility of re-treating the sand dumps on the Crown Mines property. In due course an evaluation will be prepared regarding the potential of material on our remaining property.
The report submitted and considered by your directors for the Crown Mines property reveals that —

(A) approximately 50 million tons of treatable material exist on the Crown Mines property within a convenient operating radius of a suitable plant site;

(B) whereas at the time of publication of our 1979 Annual Financial Statements, the process then considered was based upon the *selective treatment* of the sand dumps and was anticipated to give rise to a gold recovery of approximately 45 per cent and produce a gold yield of approximately 0.29 grammes per ton of sand treated, an improved process has since been developed for the processing of all treatable material which will yield an optimum gold recovery: small amounts of pyrite can also be produced but no uranium will be recovered. Based on that improved process, the average gold yield, over the life of the Crown Mines project, is estimated at 0.5 grammes per ton of material treated, which represents a recovery efficiency in excess of 70 per cent;

(C) the optimum size of the operation will involve the treatment of 4.4 million tons of material per annum at full production;

(D) the capital expenditure required to establish the optimum size operation is estimated at R40 million at current prices;

(E) the complete processing facility will take approximately 2 years to build;

(F) the estimated total working cost of reprocessing the material should be between R3.50 and R4.00 per ton in present day money terms; the corresponding break-even gold prices, at the current dollar/rand parity are dollars 274 per ounce and dollars 313 per ounce.

In the light of the foregoing, your directors have concluded that the processing of the treatable materials should yield a satisfactory profit provided that the gold price in future continues to increase, on average, at a rate equivalent to the increase in operating costs.
Your directors are of the opinion that the capital expenditure of R40 million can be financed by the company from internal cash resources and from borrowings. Approximately R1 million would be spent before the end of September 1980, R29 million in the financial year ending 30 September 1981 and the remainder in the following financial year.

It is estimated that loans to be raised to assist in the financing of the capital expenditure could be fully repaid within 5 years. The directors have therefore decided to proceed with the project subject only to concluding satisfactory arrangements with the respective authorities.

Commissioning of the facility should take place in the last quarter of the financial year ending 30 September 1982 and during the financial year ending 30 September 1983 full capacity operation should be achieved.
Shareholders will be advised later of further details such as the tax formula applicable and financing arrangements.

For and on behalf of the Board
G. H. Buiterman
A. B. Hall
Directors

7th May 1980

Registered Office:
Off Main Reef Road
Crown Mines
Johannesburg
2093 South Africa

Postal Address:
P.O. Box 27
Crown Mines
2025 South Africa

Companies and Markets

BIDS AND DEALS

Lord Rayne's route to control of Westpool

BY ANDREW FISHER

Lord Rayne's move into Westpool Investment Trust and the dilution of the S. Pearson group's stake in his property, industrial and oil empire is to be effected in a deal of labrynthine complexity.

Westpool, owned by major City institutions and managed by Schroder Wagg, will acquire a controlling interest in Lord Rayne's main company, London Merchant Securities. It will do this partly by merging with Millrayne, which he owns jointly with Pearson, and with private investment companies which he controls. Westpool will also buy the LMS shares owned by Lord Rayne's charitable trusts.

Lord Rayne owns 52 per cent of Millrayne, a private company which in turn holds nearly 40 per cent of LMS. The three Rayne family companies directly own almost a tenth and his two charitable trusts just under 3 per cent.

Once the deal has gone through, the shareholders of the Rayne companies and the trustees of the Rayne trusts—who together control 53.2 per cent of LMS—will own 57.3 per cent of Westpool.

Westpool's major shareholders are Prudential Assurance with 31 per cent, Legal and General Assurance with 21 per cent, and London and Manchester Assurance and Sun Life Assurance with holdings of under 10 per cent each. They have agreed to vote in favour of the proposals at a special meeting on June 2.

Westpool will issue 67m new shares to pay for the deal, worth £96m on the basis of their fully diluted net asset value of 143.4p at the end of last month.

The market value of the LMS interests is £104m, taking the latest ordinary share price of 125p and one of 95½p for the deferred. After the deal, Westpool shares will be worth 154p on a fully diluted net asset basis.

The placing has already been arranged for 11.1m Westpool shares by the Pearson publishing, industrial finance group, which will raise over £14m. Pearson is hanging on to the remaining 11.1m. Lord Rayne is also placing 1.17m shares; in both cases the price is 136p a share with 16.2 per cent of the enlarged capital involved.

Once the acquisition has gone through, Westpool will be an investment holding company, its major investment being the controlling stake in LMS. For tax purposes, it will no longer be an authorised investment trust.

Its other assets, just over 10 per cent of the total after the transaction, will be used for investing in special situations offering exceptional growth prospects. At the moment, said Mr. Robert Spier, the LMS finance director, its investments are fairly conventional.

Lord Rayne will direct the development of Westpool and become chairman. Westpool will not, while owning a majority of LMS, compete with this company in the investment field. Until June 1983, it will not invest in property, oil or gas, whisky or batteries, manage any businesses, acquire control of any other company, or put more than 10 per cent of its non-LMS funds into unlisted securities or 20 per cent in one investment.

A cash offer of 143p a share will be made to those Westpool investors wishing to sell. This will be done through Lazards, part of the Pearson group, on behalf of Whitehall Securities Corporation, another subsidiary.

Westpool's institutional shareholders will not take the cash offer, which will be open for 21 days after it has been posted and will not be extended.

Lord Rayne's adviser is Baring Brothers, with Robert Fleming advising the Rayne companies and trusts. Lazards is acting for Pearson. Schroder Wagg is advising Westpool.

Cambridge Instrument buying two Warner Lambert divisions

BY DAVID FISHLOCK, SCIENCE EDITOR

Cambridge Instrument Company is buying two medical technology divisions of Warner Lambert, the U.S. pharmaceuticals group, to increase its own medical instruments sector to a viable international size.

Dr. Terence Gooding, Cambridge's chairman, announced yesterday that it was acquiring the American Optical medical division in Bedford, Mass., and the Schwarzer division in Munich.

Each division makes a range of diagnostic and patient monitoring equipment essentially complementary to the Cambridge range. But Cambridge will be discontinuing some of its present medical products.

the terms of the purchase, Dr. Gooding did not disclose beyond saying that the company was buying net assets in exchange for equity. Warner Lambert will become a minority shareholder in Cambridge.

He estimated that the acquisitions would increase medical equipment sales from less than £7m to about £21m for the current year.

Warner Lambert had been investing heavily in these divisions in recent years "and we can now take the benefit of this investment," said Dr. Gooding.

He estimated that total company sales for the year beginning in April would be about £50m and the staff worldwide about 1,750. This compares with a turnover of less than £25m and a staff of 1,500 two years ago. The company has a capital investment budget of £1m this year, mostly in computers and electronics for production control.

Cambridge announced five new instruments yesterday, among them a new computer-controlled microfabricator for the manufacture of the most advanced kinds of silicon "chip"—at $1m, its most expensive product.

Clifford's Dairies family foils Unigate approach

Unigate's £10m bid for Clifford's Dairies was foiled by the latter's controlling family shareholders, yesterday when they voted in favour of a £1.5m rights issue by the Berkshire-based company.

Since Unigate had made its bid conditional on the rights issues—in non-voting shares—not being proceeded with, the offer now lapses and the group is considering whether or not to return to the battle.

At yesterday's EGM, the motion to lift share capital to accommodate the issue was passed on a show of hands. Proxies for 79 per cent of the shares had also been received in its favour.

"Clifford's is controlled by the Clifford and Smith families. The Smith holding is nearly 30 per cent, while board members have around a quarter of the shares.

"We're dicing with our own assets," said Mr. Gordon Clifford, chairman of Clifford's. "We're not just managerial people." The company has already announced plans to spend £1.6m on a new fruit juice factory.

George Ewer cleared for Tractors deal

By Reg Vaughan

George Ewer, the coach operator and motor trade distributor, can go ahead with its planned acquisition of Eastern Tractors (Holdings) without shareholders approval, the Stock Exchange ruled yesterday.

T. Cowie, the Sunderland-based motor dealing group, which has 29.999 per cent of Ewer and is considering making an offer, had complained to the Stock Exchange that the Tractors purchase was sufficiently material to warrant it being subject to such approval.

Ewer announced yesterday that on the basis of figures "which it is expected will be contained" in the audited accounts of Tractors for the year ended August 31, 1979, the Stock Exchange is satisfied that the proposed acquisition does not require holders' approval.

Barclays Merchant Bank, Ewer's advisers, said that Tractors has "passed the gross assets test." Its gross assets are within the 25 per cent rule, and "there was no conflict" with the figures issued at the time the bid was announced.

Samuel Montagu and Co., on behalf of Cowie, said the situation had become "totally confused." It intended to have "hard thoughts about it" but something would definitely be done.

Ewer's bid for Tractors involves the issue of 2.65m shares and if it goes through effectively dilutes Cowie's stake in the company to around 26 per cent. Cowie is opposed to the acquisition on the basis that "it could be expected to reduce rather than enhance or maintain, the per share value of the Ewer shares."

Although Cowie has said it is against the Tractors deal it still seems likely to press ahead with a bid for Ewer and yesterday took a further step in that direction.

Cowie yesterday purchased through the stock market an option to acquire 1,000 ordinary shares in Ewer at 47p per share. This compares with a closing price of 49½p, an increase of ½p, and making a gain of 2p in the last two days.

The option, exercisable on or before August 7, 1980, takes Cowie's interest in Ewer up to 30.002 per cent, a level at which a bid would be automatically triggered under the rules of the Takeover Panel.

ARBUTHNOT LATHAM

Cook Industries, a U.S. agri-products and insurance group, continues to build up its stake in Arbuthnot Latham, the UK merchant bank. Cook's subsidiary, Maecom SA, has bought the holding of Toronto Dominion Bank in Arbuthnot, and now has 9.54 per cent. In March, Cook acquired a 6 per cent stake.

Just over 46 per cent of Arbuthnot's equity is now held by four shareholders. Mr. Graham Ferguson Lacey owns 14 per cent, London Trust 13 per cent and ICFC 10.4 per cent.

ANGLOVAAL GROUP

DECLARATION OF PREFERENCE DIVIDENDS

DIVIDENDS HAVE BEEN DECLARED payable to holders of preference shares registered in the books of the undermentioned companies at the close of business on 23 May 1980. The dividends are declared in the currency of the Republic of South Africa. Payment from London will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 2 June 1980, or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 30 June 1980. The transfer books and registers of members of the companies will be closed from 24 May to 30 May 1980, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

Name of Company	Class of Share	Dividend number	Amount per share —Cents
Anglo-Transvaal Consolidated Investment Company, Limited	6% Cumulative redeemable preference	84	6
do. do.	5% Cumulative redeemable second preference	65	5
Middle Witwatersrand (Western Areas) Limited	8% Redeemable cumulative preference	76	4

By order of the boards
Anglo-Transvaal Consolidated Investment Company, Limited
Secretaries
per: E. G. D. Gordon

London Secretaries:
Anglo-Transvaal Trustees Limited
295 Regent Street
London W1R 8ST
8 May 1980

Registered Office:
Anglovaal House
56 Main Street
2001 Johannesburg

VIKING RESOURCES INTERNATIONAL N.V.

Curacao, Netherlands Antilles

Notice of Annual General Meeting of Shareholders

Notice is hereby given that an Annual General Meeting of Shareholders of Viking Resources International N.V. has been called by the Manager, The Caribbean Management Company N.V.

The meeting will take place at John B. Gorsiraweg 6, Willemstad, Curacao, Netherlands Antilles on 29th May, 1980 at 10.00 am. The agenda may be obtained from the offices of the company at John B. Gorsiraweg 6, Willemstad, Curacao or from the Paying Agent mentioned hereunder.

Shareholders will be admitted to the meeting on presentation of their certificates or of vouchers, which may be obtained from the Paying Agent against delivery of certificates on or before 22nd May, 1980.

Paying Agent
Pierson, Heldring en Pierson N.V.
Herengracht 214, Amsterdam

Willemstad, Curacao.

2nd May, 1980

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80 High	1979-80 Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
89	60	Airsprung	66	—	6.7	10.2	3.9†
50	26	Armitage and Rhodes	31	—	3.8	12.3	3.0†
275	185	Bardon Hill	275	—	13.8	5.0	8.1†
100	80	County Cars 10.7% Pf.	80	—	15.3	19.1	—
101	63	Deborah Ord.	93	—	5.0	5.4	10.2
114	88	Frank Horsell	114	—	7.9	6.9	7.1
129	98	Frederick Parker	101	—	12.8	12.7	4.6†
156	102	George Blair	107	—	16.5	15.4	—†
70	45	Jackson Group	69	—	5.2	7.5	4.1†
153	110	James Burrough	110	—	7.2	6.6	9.6
300	243	Robert Jenkins	285	—	13.3	11.0	9.1†
232	175	Torday	222	—	14.3	6.4	5.5†
34	11½	Twinlock Ord.	15	—	0.8	5.6	2.9†
80	70	Twinlock 12% ULS	75	—	12.0	16.0	—
56	23	Unilock Holdings	48	—	2.6	5.4	10.2
50	45	Unilock Holdings New	45	—	2.6	—	9.6
99	42	Walter Alexander	95	—	4.4	4.5	6.3
200	136	W. S. Yeates	200	—	12.1	6.1	3.3†

† Accounts prepared under provisions of SSAP 15.

UK COMPANY NEWS

Porter Chadburn falls £0.45m but raises dividend

REDUCED sales volume, engendered largely by industrial action, resulted in a sharp decline in pre-tax profits for **Porter Chadburn** in 1979, and the surplus for the 52 weeks to January 3, 1980 fel from £1.12m to £674,305.

At midway, when profits were down from £433,600 to £318,100, thet directors warned that the engineering strike made it imposaible to maintain performance. They now state that profits for the first and third quarters of 1979 were eliminated by the transport and engineering strikes respectively.

Earnings, after tax of £98,905 (£276,180) and preference dividends, are shown down from 25.83p to 17.67p per share, bnt the dividend is raised to 6.1495p (5.8857p) net with a final of 4.4555p.

Turoover of the group, which manufactures brewery, marine and other engineering equipment, was ahead at £15.17m (£14.59m).

Following the adoption of SSAP 15, no tax will be payable, and the charge this time represents advance corporation tax written off and other minor adjustments. Comparisons bave been amended.

Ordinary dividends absorb £198,901 (£190,368), leaving the retained surplus at £372,530 (£644,927).

● comment

Clobbered by strikes and high interest rates last year, Porter Chadburn's pre-tax profits fell 40 cent. Still, the shares gained 5p yesterday to 59p, perhaps because investors were surprised that the final divideod was maintained, resulting in a bandsome 15.8 per cent yield at the close. With a gloomy outlook for plant apending by breweries this year, the company is not anticipating much improvement in sales of its beavy brewery equipment. The marine equipment business, whose future seemed dubious last year, has been slimmed down rather than sold aod is producing satisfactory profits. The fully taxed p/e of 5.2 reflects the general gloom in engineering.

Brixton Estate advances

NET RENTAL income of Brixton Estate, property development and investment company, increased from £7.15m to £8.89m in 1979. Investment profit amounted to £2.79m against £2.37m, and dealing profit was up £120,000 to £525,000. Interest and outgoings on properties where development has been suspended amounted to £219,000, against nil last time. Interest on properties in course of development was £782,000 compared to £630,000.

After-tax up from £571,000 to £749,000 and a transfer from capital reserves of £616,000 (£303,000), net profit came out at £2.19m (£1.66m), with retained profits £940,000 (£834,000).

Stated earnings per 25p share are 5.11p against 3.89p, and the final is effectively raised from 0.7748p to 1.4555p for a net total of 2.911p (1.9358p adjusted). A further ooe-for-five scrip issue ia proposed.

Following the introductioo of the policy of annual valuations io 1976, the net asset value of the company (inclnding development properties at cost) at December 31, 1979 was £81m, equal to 190p per share (£64m, 150p).

Mr. Michael J. Verey, the chairman, says developmeot of its 100-acre Woodside estate at Dunstable continues and buildings let aod under construction at preseot total 1,455,000 sq ft. The most recent letting is a warehouse of 63,000 sq ft to the Secretary of State for Defence. Other developmeots are making good progress, and the company has beeo aclive in Europe, Australia and the U.S.

The company is continuing its policy of acquiriog suitable properties for development both lo the UK and abroad, and a number are currently being considered, he says. The board is satisfied that adequate funds are available for this purpose.

ASSOCIATE DEALS

As brokers to Waring and Gillow (Holdings), Fielding Newson Smith and Co. bave purchased on their behalf 100,000 ordinary of Maple and Co. (Holdings) at 35½p.

RHP moves well ahead to near £6m at halfway

A MUCH higher contributioo from its bearings activities enabled **Ransome Hoffmann Pollard**, maker of bearings, electrical products and fasteners, to push pre-tax profits well ahead from £2.2m to £5.94m for the 26 weeks ended March 28, 1980. Turnover increased by £9.25m to £59.34m.

Mr. D. J. Ewart, the chairman, says the outlook for the remainder of the year la uncertain, particularly for tha mechanical engineering sector, and against this beckground, second-half trading profits may not matcb those of the first six months.

Half-yearly profits from normal trading jumped from £2.88m to £6.17m, with additional non-recurring profits of £733,000 this time on some special stock disposals of bearings. Interest charge increased from £679,000 to £965,000.

A divisional analysis of turnover and pre-tax profits (with £000,s omitted) show: Bearings £47,387 (£41,677) and £3,773 (£585); electrical £9,679 (£6,373) and £1,820 (£1,365); fasteners £2,575 (£2,340) and £342 (£251) respectively.

Tax for the period took £1.6m (£0.57m) and net profits rose from £1.63m to £4.34m. Earnings per 25p abare are given as £13.6p (£5.5p) basic, and as 11.2p (4.8p) diluted. Comparatives bave been restated to reflect the present accounting policy on deferred tax.

The i oterim dividend, to reduce disparity, is lifted from (£424,207). As usual, the final will be recommended in the light of the full year's results—the total last time was 4.9p on taxable profits of £5.27m.

Borrowings have increased during the first six mooth to finance the recovery in bearing production, but liqidity remains satisfactory with adequate facilities.

● comment

RHP bas already completed its recovery and the interim improvement sbould be enough to lift profits onto entirely new ground. Bearings have been restored to their rightful position as the dominant profits centre, despite further growtb at MTE and Philidas, and there is no immediate sign that the core of tbe business is about to turo sour again. The UK automotive industry may be weak but world-wide under-capacity both in this division and in general ball and roller bearings ensurea bigher overseas sales without margins sacrifice. Aerospace remains buoyant but transmission bearings provided the major impetus, even if the Blackburn foundry is only operating at about 80 per cent capacity, with a near £1m pre-tax upturn. The shares have put on over 50 per cent ln the last six months and may now mark time over the sbort term. The group is warning of some second balf downturn and, at some poiot, world under-capacity must correct itself. Yet, after a 1p fall to 103p yesterday, the p/e of 5.7 on dilnted earnings reported over the last 12 months does oot point tn any noticeable vulnerabiliy. And if the divideod declaration looks deliberately low key, the yield would be a respectable 7.8 per cent if the net total is only raised from 4.9p to 5.5p per share.

C. H. Pearce expands to £905,000

IN THE six months to November 30, 1979, pre-tax profits of C. H. Pearce and Sons, builder and contractor, advanced from £473,891 to £905,332. Turnover rose to £8.99m (£5.47m).

There is a nil tax charge against £246,420 due to timing differences mainly arising from stock appreciation relief. Against extraordinary items of £16,592 last time, there is a nil return this time. Comparatives are restated.

The interim dividend is raised from 1.445p per 25p ahare to 2.5p—the tnial last year was 7.695p from pre-tax profits of £1.1m.

The chairman says present indications are that profits for the full year will exceed those for 1979.

British Petroleum expects tax commitment to treble to £1.5bn

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITISH PETROLEUM expects to pay nearly £1.5bn to the Government this year in taxes on income, almost three times as much as in 1979, Sir David Steel, the cbairman, said yesterday. It also expects to pay £400m in North Sea royalties.

"This year for every £50 of Government spending, £1 will come from BP's taxes," be told the company's annual meeting. BP's direct industrial investment in the UK this year sbould exceed £700m.

He ooted that lo the last 12 months the North Sea tax regime bad changed three times until BP was now paylng 87.5 per ceot of its marginal North Sea income in tax aod royalty. Large scale risk taking was not encouraged if tax was increased so often and so much as to "change it from being a geouine equitable national levy into being a penalty for success."

Some had said that BP's record profit last year of £1.6bo, in historic cost terms, gave a lot of scope for tax increases, but the company had spent about double that during 1979 on Investment and increased working capital. BP's profit of £600m on a current cost basis was e beteir measure of the group's performance as a continuing business.

Turning to oil supplies, be said BP's sbortages had to be made up by market purchases at premium prices with continual doubts aboot availability and price.

"We have been successful so far, and for the future have now secured edequaet supplies for the next few mooths, but the ability of any oil company to pay premium prices must be in doubt when stocks are high and prices in the market place become soft."

There was a sharpeoing divisloo between "haves" and "bave oots" among oil companies. Those with access to oil at official Government selliog price for a large proportioo of their needs bad ooe advantage.

Those with access to oil from Saudl Arabia with a selling price 20 per ceo tlower than elsewhere, bad a double advantage over companies such as BP, wbich did not. He hoped that these "unprecedeoted differentials" lo raw materials costs between companies lo a very competitive industry would soon be reduced.

Prodnction from BPs Forties field and its sbare of Ninian output meant tbe company was oow getting about 550,000 barrels a day out of the UK North Sea and retained its position as the largest producer there.

He boped Buchan, where BP is manager, would come oo atream later this year and that the company would be able to announce a development plan for Ula, io the Norwegian sector, wbich it would like to start prodnction at the same time as the UK's Magnus field, lo 1983.

At other anoual meetings, chairmeo said:

Ruberoid — Since reporting io tbe annual statement tbat profits for the first three months were ahead of last year the favourable trend bad continued and the strong financial condition had been maintaloed.

The chairman refuted a recent suggestioo of a possible bid for tbe company. "I have bad no conversations or approaches from anyone. They would be most unwelcome. We intend to look after our own affairs and develop tbe company witbout aoy uosolicited assistance.

"If there is going to be aoy bidding, it will be by us. . . . Now that our affairs are io such good order, we are oo the look out for opportunities."

Rentokil—With first quarter profits io the UK comfortably ahead and overseas subsidiaries' contribution so far—they are more than halfway through their financial year—showing a useful increase, the company was on course for a record year.

Grand Met stays silent on improved Liggett offer

Grand Metropolitan is considering raising its $415m takeover bid for the U.S. tobacco and drinks group, Liggett, an attorney for Grand Met said yesterday at a hearing before the Securities Commissioner of South Carolina.

In London, Grand Met refused further comment, saying it was still considering how to respond to the announcement on Tuesday of a cash and shares bid for Liggett worth approximately $530m from another U.S. food group, Standard Brands, a bid which was welcomed by Liggett.

Meanwhile, Grand Met is also considering calling for an immediate adjournment of the extraordinary shareholders' meeting when it begins next Monday. The purpose of the meeting was to seek shareholders' approval of its original $415m bid.

At the South Carolina hearing, which is considering whether Grand Met has complied with the state's Tender Offer Disclosure Act, the Grand Met attorney said the company bad not made a decision yet on whether or not to raise its bid for Liggett because of proceedings the company is involved in concerning the offer.

The South Carolina Secretary of State, Mr. John Campbell, acting as Securities Commissioner, aaid be would decide by next Tuesday on whether Grand Met could proceed with its offer.

Other proceedings Grand Met is involved in inclode action against Liggett for selling a drinks subsidiary, Austin Nichols, to the French drinks group, Pernod Ricard, after Grand Met had begun its tender offer.

SHARE STAKES

Tomatin Distillers Co.—Catharjine BV bolds 535,000 sbares (9.91 per ceot).

Archimedes Investment Trust—Amisford Investmeot Co. haa increased its holding to 111,000 (9.06 per cent). Mr. A. W. F. Clapperton, withio whose ioterest the above holding is included, has informed the company that bis total interest now amounts to 172,275 capital shares (14.06 per cent).

DUNDONIAN

Dundonian, the finance, miòing and funeral services company which recently made a major move into the property field, has mopped up the remaining 9.1 per cent of shares in its South West Consolidated Minerals subsidiary.

It has nsed its option to acquire the 150,000 sbares held in SWCM by Burma Mines and Planned Savings (Holdinga) in exchange for 450,000 new abares in Dundonian.

Dundonian has alao received £315,000 from Burma and Planned Savings for the issue of 450,000 ordinary shares in the company and 225,000 cumulative convertible preference ahares under last year's rights issue.

Burma now owns 9.09 per cent of Burma's capital, which comes down to 6.42 per cent assuming full conversion of the preference sharea.

Revertex warns off Yule Catto

By Alan Friedman

Revertex Chemicals has told Yule Catto, the Far Eastern plantation and investment group, that it wisbes to "maintain its independent identity" in the wake of Yule's acquisition of 29.5 per cent of its shares.

Sir Campbell Adamson, chairman of Revertex, met Lord Catto, Yule's cbairman, on Wednesday evening and told him that Revertex boped to be able to solve its own probiems. Results for 1979, announced on April 21, included a pre-tax profit decline of £500,000 and a passed final divideod.

Although a full-scale bid was not discussed, Sir Campbell conveyed the formal Revertex Board reaction to Yule's "raid" of 4.2m abares.

Mr. Kenneth Busbell, Revertex managing director, said: "We explained to Lord Catto thet we were rather surprised at what they had done because although we have common interests in Malaysia, we are somewhat apart in the rest of the business. We told them that we would like to maintain our independence, but atay on friendly terms."

Yule Catto did not request board representation, according to Mr. Busbell. "We will stay together as friends. The meeting was a friendly discussion betweeo our largest shareholder and the company," he said.

MAXIM'S

The option to receive shares in lieu of a cash dividend announced last month by Maxim's, restauranteur, has now received tax clearance; the basis will be ooe oew share for every 92 beld.

The proposed two-for-three scrip issue bas been postponed

BANK RETURN

	Wednesday May 7 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14 553 000	—
Public Deposits	27,499,770	— 148,793
Special Deposits	215 576 000	—
Bankers Deposits	344,228,852	— 198,339,508
Reserve & other Accounts	686,202,620	+ 27,796,281
	1,288,059,242	— 170,692,020
ASSETS		
Government Securities	515,491,810	— 84,435,000
Advances & Other Accounts	490,483,267	— 165,446,580
Premises Equipment & Other Secs.	268,757,994	+ 74 171 432
Notes	13,046,154	+ 4,019,970
Coin	280,017	— 1,842
	1,288,059,242	— 170,692,020
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,075,000,000	+ 125,000,000
In Circulation	10,061,953,846	+ 120,980,030
In Banking Department	13,046,154	+ 4,019,970
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,562,018,834	+ 431,196,608
Other Securities	2,481,872,066	— 306,196,608
	10,075,000,000	+ 125,000,000

BASE LENDING RATES

A.B.N. Bank	17 %
Allied Irish Bank	17 %
Amro Bank	17 %
American Express Bk.	17 %
Henry Ansbacher	17 %
A P Bank Ltd.	17 %
■ Arbuthnot Latham	17 %
Associates Cap. Corp.	17 %
Banco de Bilbao	17 %
Bank of Credit & Cmce.	17 %
Bank of Cyprus	17 %
Bank of N.S.W.	17 %
Banque Belge Ltd.	17 %
Banque du Rhone et de la Tamise S.A.	17½%
Barclays Bank	17 %
Bremar Holdings Ltd.	18 %
Brit. Bank of Mid. East	17 %
■ Brown Shipley	17 %
Canada Perm't Trust	18 %
Cayzer Ltd.	17 %
Cedar Holdings	17 %
■ Charterhouse Japhet	17 %
Choulartons	17 %
C. E. Coates	17 %
Consolidated Credits	17 %
Co-operative Bank	*17 %
Corinthian Secs.	17 %
The Cyprus Popular Bk.	17 %
Duncan Lawrie	17 %
Eagil Trust	17 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	19½%
First Nat. Secs. Ltd.	19 %
Robert Fraser	17 %
■ Antony Gibbs	17 %
Greyhound Guaranty	17 %
Grindlays Bank	‡17 %
■ Guinness Mahon	17 %
Hambros Bank	17 %
■ Hill Samuel	§17 %
C. Hoare & Co.	†17 %
Hongkong & Shanghai	17 %
Industrial Bk. of Scot.	17½%
Keyser Ullman	17 %
Knowsley & Co. Ltd.	19 %
Langris Trust Ltd.	17 %
Lloyds Bank	17 %
Edward Manson & Co.	18 %
Midland Bank	17 %
■ Samuel Montagu	17 %
■ Morgan Grenfell	17 %
National Westminster	17 %
Norwich General Trust	17 %
P. S. Refson & Co.	17 %
Rossminster	17 %
Ryl. Bk. Canada (Ldn.)	17 %
Schlesinger Limited	17 %
E. S. Schwab	17 %
Security Trust Co. Ltd.	18 %
Standard Chartered	17 %
Trade Dev. Bank	17 %
Trustee Savings Bank	17 %
Twentieth Century Bk.	17 %
United Bank of Kuwait	17 %
Whiteaway Laidlaw	17½%
Williams & Glyn's	17 %
Wintrust Secs. Ltd.	17 %
Yorkshire Bank	17 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%. 1-month deposits 15¼%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

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Companies and Markets

UK COMPANY NEWS

Turner & Newall to sell Canadian asbestos interests

Turner and Newall, the industrial group whose profits fell from £39.7m to £27.5m in 1979, is to sell its Canadian asbestos interests for C$35.5m.

A spokesman for the company said that T and N was approached by Societe Nationale del'Amiante, a Quebec Government agency formed to acquire interests in the state's asbestos resources. Agreement in principle for the sale has now been reached but many details have yet to be ironed out.

The main asset in the package is the Bell Asbestos mine which produces chrysotile asbestos fibre. It has been one of T & N's main sources, but since the solution of the political problems in Zimbabwe the company is once again receiving supplies from its mine there as well as from Swaziland.

In any case, the spokesman said, T & N would continue to buy supplies from the Bell mine, although he could not confirm whether the sale agreement contains clauses safeguarding the existing forward contracts.

Turner and Newall's Board will use the proceeds of the sale "to some extent" to offset group borrowings, the spokesman said. Group net borrowings at the end of last year were £125m compared with £93.3m the previous year, the bulk of the increase coming from overdrafts and short-term loans.

Turner and Newall has been investing heavily in new plant and reconstruction of existing plant in the UK and, excluding Rhodesia, where its expansion is likely to be self-financing, needs £30m to meet capital investment commitments for this year. It has also been making strategic investments in the past few years and the spokesman said that these almost inevitably meant that there would have to be "divestments" elsewhere.

Meanwhile, although Mr. Stephen Gibbs, the chairman, expects 1980 to be a better year than the problem 1979, he admits that "the short-term economic climate is far from encouraging."

BURNS PHILP AND S. HOFFNUNG

The chairman of S. Hoffnung and Company is advising shareholders to accept the offer from Burns Philp. Directors are accepting in respect of their own holdings. Burns Philp's offer became unconditional on April 29.

WARD WHITE BUYS LANGS COMPANIES

The Ward White Group has acquired Langs Shoes and Langs Estates for about £170,000—75 per cent in cash and the balance in ordinary shares. The companies acquired trade as footwear retailers under the name of Langs from two shops in north east London.

GEO. WIMPEY SELLS MOWLEM STAKE

George Wimpey, on May 2, sold its holding of 1.71m ordinary shares in John Mowlem and Co., reducing its holding from 10,809 to nil.

ACC completes purchase of 85% stake in Jetsave

Associated Communications Corporation, which owns ATV, Pye Records and Classic Cinemas, has completed its cash purchase of a majority stake in the Jetsave Group, the holiday and travel organisation.

Under the deal, ACC has acquired an 85 per cent stake for an undisclosed sum from Mr. Reg Pycroft, Jetsave's founder and managing director, and a consortium of Kuwaiti interests. Mr. Pycroft is retaining a 15 per cent interest in Jetsave.

ACC is believed to have paid over £1m for its stake, but Lord Grade, ACC's chairman, declined to name the precise figure.

In the year ending March 1979, Jetsave reported operating profits of nearly £2m. The group expects a turnover of £30m and record profits for 1980.

In 1976 Mr. Pycroft sold 19 per cent of Jetsave to a Middle Eastern Arab-backed consortium operating from Luxembourg to raise facilities for development cash should the need arise. These interests have now sold out to ACC.

Lord Grade said yesterday that "the acquisition of Jetsave provides a springboard for ACC's entry into the booming North American holiday and travel business. Already, we have a large hotel in Los Angeles, California, an area served by Jetsave. We intend, with Reg Pycroft, to make ACC a powerful force in world travel."

Lord Grade will become chairman of Jetsave, while Mr. Pycroft will continue as managing director and is being appointed to the Boards of companies involved in the expansion of ACC's travel and leisure activities.

SHARE STAKES

Garrard and National Discount Co.—Save and Prosper Group has acquired 550,000 shares, making holding 1,201,520 (8.03 per cent).

Inveresk Group—Mr. E. S. Nassar is now interested or deemed to be interested in a further 300,000 stock units, making interest or deemed interest 1,538,000 (7.8 per cent) stock units.

MINING NEWS

Kaiser's big BC coal expansion

BY KENNETH MARSTON, MINING EDITOR

A MAJOR expansion is planned for the coal division of Canada's Kaiser Resources, "in anticipation of an increase in world coal demand in the 1980's," according to the chairman, Mr. Edgar Kaiser. He added that the expansion would involve the development of the C$200m (£74.3m) Greenhills mine and plant project near Sparwood in British Columbia.

The new mine should be producing at the rate of 2m tons of metallurgical coal a year by 1984. Kaiser's existing operation at Elkville, near Sparwood, is Canada's largest coal mine and produces nearly half of the country's exports of metallurgical coal.

Mr. Kaiser said that the development of coal deposits in north-east BC is not a threat to the development and expansion of the company's activities in the south-east sector of the province, "unless the provincial and federal governments subsidise north-eastern coal exports."

While doubting that taxpayers' money would be used for this purpose, he said that "if the Japanese purchasers agree to pay a price for north-east coal high enough to cover its costs, we would expect the price of our coal to go up as well."

His reference to north-east coal was prompted by increasing talk that the visit to Canada of the Japanese Prime Minister will result in firm contracts being signed for big tonnages of coal from that region. The property there which is most mentioned is Quintette, owned by Denison Mines, Imperial Oil and Japanese interests.

Beralt raises its earnings

DESPITE a slightly lower price for wolfram (or tungsten) Beralt Tin and Wolfram's Portuguese mine raised production and sales last year with the result that operating profits have risen to £2.81m from £2.57m.

The previous silicosis claims have now been settled, leaving an over-provision of £332,000 which is now credited. This together with interest receivable and less tax, minority interests and exchange losses leaves Beralt with a 1979 net profit of £1.59m against £1.16m.

The operating subsidiary has declared a dividend of Esc.144m (£1.29m) against Esc.120m in 1978 and when the London parent receives its 80.55 per cent share of this, it will consider the payment of a dividend for the current year.

Beralt adds that if the money were "to be received at the present time it would allow a distribution at least equal to the 4.5p paid last year, although the actual amount will be dependent on ruling tax and exchange rates. Beralt shares were 43p yesterday.

TCL earns and pays more

SOUTH AFRICA'S Transvaal Consolidated Land, the mining and investment arm of the Barlow Rand group, reports half-year profits of R25.5m (£14.2m) compared with R13.4m a year ago and a total of R34.3m in the full year to September 30. The interim dividend is raised to 65 cents (36p) from 42 cents last time when a final of 93 cents followed.

TCL's increased half-year profits have been helped by the inclusion of revenue from asbestos and fluorspar sales coupled with an improvement in coal sales revenue. Earnings are expected to be maintained in the current half year and a final dividend of at least 125 cents is anticipated by the company. The shares rose ½ to £16 yesterday.

Malayan Tin output falls

THE APRIL output of tin concentrates from the Far Eastern mines in the Malaysian Mining Corporation group was 1,282 tonnes, down by more than one-fifth from the March figure of 1,554 tonnes, reflecting shortfalls at all of the larger mines.

The latest figures show that production at all of the leading mines is running substantially behind that recorded at the same stage of hte last financial year, with the exception of Malayan Tin, where production after 10 months is up from 2,626 tonnes to 2,863 tonnes.

Berjuntai and Malayan Tin, the two largest operators, both suffered from dredge shutdowns during April, and Southern Kinta ceased operations at its Takuapa dredge in Thailand early in the month. The latest outputs are compared in the accompanying table.

	April tonnes	Mar. tonnes	Feb. tonnes
Aokam	129	133	136
Ayer Hitam	108	167	182
Berjuntai	305	351	331
Kamunting	12	14	13
Kramat	15	32	26
Kuala Kampar	28	24	29
Lower Perak	19	21	22
Malayan	229	299	253
S. Kinta Cons.	103	128	79
Sth. Malayan	168	189	186
Sungei Besi	108	166	163
Tongkah Harb.	16	31	32
Tronoh Mines	126	132	132

ROUND-UP

Broken Hill Proprietary has signed an agreement in principle via its Dampier Mining subsidiary for the drilling and evaluation of Carr Boyd Minerals' coal discovery near Derby in Western Australia.

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UK COMPANY NEWS—WEDNESDAY

Geers Gross jumps to £0.8m

TAXABLE PROFITS of Geers Gross, advertising agent and consultant, surged from £411,000 to a record £827,000 in 1979, on sales £8.09m higher at £36.43m.

The interim pre-tax surplus advanced to £221,592 (£132,811).

The directors now say the current year has started well. There is increased demand for the group's services to clients and a further succesful year in its international operations is anticipated.

The results for 1979 demonstrate that the group's ratio of ITV usage against other media is well balanced, they add. The U.S. subsidiary showed encouraging progress and turnover is now divided equally between the U.S. and UK.

The net total dividend is held at 3p, with a final of 1.5p.

● comment

Geers Gross, one of only two major quoted advertising groups, has managed to come through with more than doubled profits in a year which included the 11-week ITV strike. Sixty per cent of the company's UK business is in television, but strike-forfeited earnings (around £100,000) were made up partly through the fortuitous Spillers "debate" with Dalgety. Meanwhile, the first-time 12-month contribution from the U.S. business (Manoff) accounted for around 40 per cent of group income before taxes.

Mothercare ends 41% higher

A SUBSTANTIAL reduction in U.S. losses, together with increased UK profits, helped lift the taxable surplus of Mothercare by 41 per cent to a record £22.26m for the year to March 28, 1980. Sales, excluding VAT, were 23 per cent higher at £160.17m.

Mid-term pre-tax profits were up from £7.02m to £10.55m.

Full-year trading profits in the UK rose by 35 per cent to £21.23m on sales 23 per cent ahead at £129.82m. U.S. losses were cut from £1.59m to £0.39m, while turnover increased by 33 per cent to £12.87m.

In Europe, profits were 38 per cent lower at £1m, on sales 14 per cent higher at £17.48m.

The net total dividend is stepped up from 3.3888p to 5p, with a final of 3.38p. Earnings per 10p share are given as 17.2p (11.79p), after tax of £11.19m; against £8.15m.

The pre-tax surplus included £1.02m (£0.41m) investment income, less interest paid £0.16m capital receipt and £0.27m profit on disposal of properties this time.

Total exports of the maternity and children's wear, prams and nursery furniture group amounted to £13.99m (£12.11m), of which £11.5m (£8.45m) were despatched to group companies overseas.

The number of stores trading at the year end was: UK 186 (177); Europe 24 (18); and U.S. 155 (154).

During the year new stores were opened in ury St. Edmunds, Falkirk, Horsham, Milton Keynes, Rochdale, Staines, Warrington, Washington, Windsor, Vienna South (Austria), Antwerp and Liege (Belgium), the Hague (Netherlands), Avry and asle (Switzerland).

In the U.S., eight new Mothercare stores opened and six Mother-To-Be shops were closed as planned.

● comment

Mothercare's figures show that the group is still finding plenty of room for growth: UK volume was up 9 per cent in the existing stores and, with an improvement in realised gross margins thanks to lower write-downs of stock, net margins rose a full point. In the U.S., Mothercare seems to have got its merchandise mix right, and sales rose 28 per cent in volume, but heavy promotional spending will prevent any significant move into profit in the current year. With Europa likely to slip under pressure because of high sterling, any growth will have to come in the UK, where net margins are going to be squeezed by higher operating costs. Still, Mothercare should claw its way over £25m—certainly the shares, on a prospective p/e of 13 and a yield of 2.9 per cent, are assuming that it will.

Fall to £11.3m at John Laing

CONTINUING LOW demand and margins in all areas of John Laing's construction activity, other than private housing, led to a fall in group taxable profits from £14.76m to £11.27m for 1979. Turnover rose by £38m to £521m.

Midterm profits were lower at £5.01m (£7.46m).

The net total dividend is raised from 2.5p to 2.875p, with a final of 1.875p. Earnings per 25p share are given as 14.2p (18.2p).

● comment

Tight UK margins and Spanish losses have hurt John Laing badly above the line, and a further £2m dropped away below into the maw of Allied Technology. Provision has now been made for the whole cost of Laing's share of Altech, and the annual report should tell shareholders a little more about the débâcle. In Spain, taking the minorities credit as the outstanding 15 per cent of Laing SA, losses topped £2m. Back home, bad weather and the haulage dispute exacerbated the problems of tightening margins in a shrinking building and engineering market. The star performer of 1979 UK home-building, is likely to have a tougher current year and Laing may well have to look twice at expansion plans. Overseas, there are few signs to encourage hopes of a turnaround in Spain, while previously important Middle Eastern markets have turned cold. The yield is pushing 10 per cent and the fully-taxed historic p/e is four, with the shares down 1½p to 44½p. Net worth is a pound a share on the 1978 balance sheet.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Costain Group	5	July 4	—	9	3.05‡
Geers Gross	1.5	July 4	1.5	3.0	3.0
John Laing	1.88	—	1.5	2.88	2.5
Marshall's Universal ...	3.04	July 21	2.43*	5.84	4.76*
Moss Engineering ...int.	2.1	July 14	2.01	—	5.86
Mothercare	3.83	July 1	2.16	5.0	3.39
H. C. Slingsby	1.8	July 9	1.8	2.4	2.4
Third Mile Invest.	0.7	—	0.5	1.23	1.01
Wellco ....int.	0.4	July 7	0.4	—	1.4
Whessoe ....int.	Nil	—	2.17	—	6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.4709p special interim.

Marshall's Universal pays more despite fall to £2.6m

ADVERSE CONDITIONS in motor vehicle trading in the UK and East Africa, referred to in Marshall's Universal half-year report, have continued, and pre-tax profits for 1979 have fallen from £4.02m to £2.59m. Second-half figures were down from £1.99m to £1.15m. Turnover was lower at £53.05m against £58.49m.

Interest charges jumped from £502,823 to £1.32m. Tax took £1.45m (£1.9m) and minorities accounted for £263,745 against £349,667. There was an exchange loss of £217,103 against a gain of £53,898, and extraordinary debits were lower at £45,350 (£470,849).

Attributable profit was £610,697 (£1.35m) and stated earnings per 25p share are down from 22.86p to 10.53p. The total net dividend is effectively increased by 1.06p to 5.84p with a final of 3.04p, which was as forecast.

Marshall's distribute motor vehicles, accessories and paper and board products.

● comment

Marshall's Universal had warned at the interim stage of the problems of UK margins and East African import quotas, but the shares nevertheless touched down to a new annual low yesterday with a 7p fall to 89p in response to a 36 per cent pre-tax drop for 1979. The quotas were tieing up about £2m at the year end, which exacerbated the interest burden, but Marshall's will be looking for some import deposit relaxation in the Kenyan Budget next month and, in any case, quotas of kits and spares (some two-thirds of the business) are reasonably flexible. At home, volume has been holding up tolerably well in the first quarter of 1980 but competition and greater product availability has bitten deeply into margins. Five of the existing eight UK distributorships will have been closed by the end of next month which, with stock reductions, will release some £4m for redeployment; new markets for the paper and board distribution division and components are the obvious targets for new investment. The group itself is not anticipating much tangible recovery until the second half, which suggests that the shares, on a p/e of 7.5 after the published tax charge, are unlikely to travel very far short term. The dividend, however, is covered in reasonable comfort to yield 11.4 per cent.

First half downturn at Wellco

RELOCATION COSTS and disturbance connected with the moving of its principal distribution subsidiaries to Arlesey, Buckinghamshire, coupled with rationalisation costs and significantly higher interest charges, meant that pre-tax profits of Wellco Holdings fell from £365,000 to £236,000 for the half year to December 31, 1979.

Following the Arlesey move, the company has relocated its electrical manufacturing activity to the former distribution premises at Hitchin. As a result of rehousing both these activities, Wellco has been left with a surplus factory and a 10,000 sq ft warehouse for disposal. However, negotiations are at an advanced stage for the sale of the factory at a satisfactory profit, while there are prospects of negotiating the sale of the warehouse at an acceptable price.

Whessoe slumps at midway and passes interim dividend

TAXABLE profits of Whessoe, the engineering group, dropped from £681,000 to £44,000 in the half year ended March 29, 1980, and the directors are omitting an interim dividend.

Although some improvement is expected in the second half, it will not be sufficient to prevent the full-year surplus falling well short of last year's total of £1.3m, says Lord Errol of Hale, the chairman.

Dividends for 1979-80 totalled 6p, with a final of 3.833p.

The fall in profit is mainly attributable to heavy pre-tax losses in the UK operations of Whessoe Heavy Engineering and Aiton Power in Canada. All other subsidiaries operated at a profit.

Tax takes £121,000 (£457,000), leaving a net loss of £77,000 (£524,000 profit), or 0.8p (5.8p profit) per 25p share.

Negotiations over the venue and forum for hearing the claim by the Quatar Petroleum Producing Authority against Whessoe and Shell Internationale Petroleum Maatschappij NV are in progress.

No specific value has been put on the claim against Whessoe, which relates to the destruction by fire of a liquid gas storage facility at Umm Said in 1977.

● comment

When lifting last year's dividend, Whessoe took the view that its problems were of an "exceptional and temporary" nature. Events in the subsequent six months have shown that its difficulties have grown rather than disappeared thus profits have all but evaporated and the interim distribution is passed. Delays in contract completions have swollen working capital requirements and the interest burden has been aggravated by the long wait for cheaper EIB finance. The aim now is to shift the fabrication emphasis from conventional process plant work (where margins for heat exchangers, pressure vessels and other categories have been wiped out by competition) to AGR work.

Static second half leaves Costain Group on £47.7m

STRUCK THIS time after an exchange loss of some £3m, pre-tax profits of Costain Group showed an advance from £46.94m to £47.65m for 1979, although the second-half result was marginally down at £30.5m, against £30.72m last time.

Turnover of this international contractor with interests in construction, engineering and property, fell from £509m to £425m for the year — the reduction in the group's Nigerian holding and exchange differences reduced the figure by £35m.

However, orders on hand at the end of the first quarter of 1980 amounted to £460m, of which 55 per cent referred to the UK.

Mr. John Sowden, the chairman, says it will be difficult to match the 1979 results in the current economic climate and a year of consolidation is expected.

The group's trading and financial strengths, however, place it in an extremely sound position for renewed advances in the next few years, he adds.

Net income from rents of land and buildings slipped to £2.47m (£2.6m) for 1979, but, boosted by a sharp rise from £0.53m to £2m in property sales, trading profits reached £50.02m, against £49.02m. Interest takes £2.36m (£2.06m).

Tax was down from £18.68m to £13.22m and after minorities of £6.65m (£5.22m) and extraordinary debits of £2.86m (£3.27m), attributable profits moved ahead by £6.16m to £24.93m.

Compared with a forecast of not less than 4p, a final dividend of 5p is recommended lifting the total payment from 3.0457p to 9p per share, costing £5m (£1.69m). Stated earnings per 25p share were up from 31.7p to 40p.

At the year end, net monies at bank totalled £31m and after significant new investment, showed little change over the year.

● comment

Pre-tax profits managed to stay ahead only because of a rise of about £4m in the group's interest income on its cash mountain, which stayed at about £90m. The results underline the market's worries about the loss of the high margin Middle East business suggested by the fall in orders, which are now standing at £460m compared with £700m a couple of years ago. Last year turnover in the Asia division, which includes the Middle East, fell by 36 per cent to £133m. Little improvement can be expected in the short term and profits are likely to be in the area of £42½m in the current year, to produce a prospective p/e of about 7, fully-taxed. With the dividend nearly trebled, the historic yield is 9 per cent.

ISSUE NEWS

UK listing for Nicor

DEALINGS ARE expected to start in London today in the common shares of Nicor Inc., a U.S. gas supplier with growing activities in non-utility areas such as oil and gas exploration.

The listing, which is being sponsored by S. G. Warburg and Co., is the group's second outside the U.S. Nicor has been quoted in Amsterdam since 1954.

The London listing coincidas with the completion of a $50m Eurobond issue.

BRENT CHEMICALS

The right issue by Brent Chemicals International has been taken up in respect of 12.52m ordinary shares, representing about 98.5 per cent.

The balance of 189,958 shares has been sold in the market. Tha excess net of expenses over the subscription price was 103.2828p per share and will be distributed to the persons to whom such shares were provisionally allotted.

Yearlings lower

The coupon rate on this week's batch of local authority yearling bonds has eased from 15⅞ per cent to 15⅝ per cent. It is the fifth successive weekly decline.

Salisbury DC and Halton BC are each raising £0.5m by way of 14⅞ per cent bonds, issued at par, due on May 4, 1983.

NEB profits dive to £6.5m—£61m raised from asset sales

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PROFITS of the National Enterprise Board, excluding Rolls-Royce and BL, slumped from £17.1m in 1978 to £6.5m last year. The return on capital employed fell to 4.8 per cent, well below the 15 to 20 per cent target set by the last Government for 1981.

These figures for the NEB's activities excluding BL and Royce-Royce were announced in its annual report yesterday. At the same time, the board said it hopes to complete plans for the sale of its assets in Ferranti by the end of this month or early in June.

The Government is also expected to announce soon that it is transferring responsibility for BL from the NEB to the Industry Department.

This has been expected since it was decided late last year that Rolls-Royce should be transferred. An announcement is expected as soon as Sir Keith Joseph, Industry Secretary, has cleared the move with his Ministerial colleagues.

The changes will be made in a few weeks when the Industry Bill, which also changes the NEB's basic role, becomes law. In future, the NEB will concentrate on high-technology companies and small businesses, and o ninvestments with a regional significance. It will only work in partnership with private enterprise and will regularly sell off those of its projects which become profitable.

Yesterday's annual report was presented by Sir John King, the deputy chairman, who is chairman of the engineering group, Babcock International, and who used to be an outspoken critic of the organisation. He said in a statement that the NEB had "an ongoing role." But, questioned later, he said: "I do not know whether the NEB should be in three or four years' time."

Sir John was presenting the report at the NEB's annual Press conference in the place of Sir Arthur Knight, who became chairman in succession to Sir Leslie Murphy last November, and Mr. Ian Halliday, chief executive, both of whom were taken ill last weekend.

cmfwy vbgkqj pcmfw shrdlum

The annual report shows that the profit before tax in 1979 of £6.5m was turned into a loss of £16m (£3.2m in 1978) after taxation and extraordinary items such as company and plant closures.

The 4.8 per cent rate of return on capital employed for 1979 compares with between 11-12 per cent in the previous two years.

The NEB's four main loss-making companies were: British Tanners, which has been put into receivership; Cambridge Instruments, which has been refinanced with new management; Herbert, which has been given a new chairman and told it can have no more NEB funds; and Sinclair Radionics, which has been reorganised.

The report says that, excluding these four companies, the 1978 rate of return would be "not far below" the Government's 15 to 20 per cent target.

A new target rate of return is now being negotiated with the Government, and a review of all the NEB's companies is taking place.

Operating during the past year under its old board, which resigned in November, and under its new board, the NEB also put five loss-making small companies into receivership. Its investments in these companies totalled about £1.2m.

The NEB has so far produced £61m towards the £100m sale of its assets required by the Government, by selling its interests in ICL and Fairey.

Work is being completed on raising the balance by selling its interests in Ferranti and in Brown Boveri Kent, although Sir John would not say yesterday whether Ferranti was likely to be sold on the open market or to a single bidder.

Smith and Nephew marginally up at £5.31m after three months

AFTER AN increase of almost £1m in net interest charge, first-quarter 1980 taxable profits of Smith and Nephew, medical and sanitary products group, edged ahead as forecast, rising from £4.98m to £5.13m.

For the whole of 1979, there was a pre-tax surplus of £22.15m (£21.18m) and a dividend of 3.65p was paid.

Turnover in the 12 weeks to March 22 rose from £44.61m to £53.95m, excluding inter-company and associate company sales but including sales by Anchor Continental, acquired in July, 1979, of £4.4m (nil).

The surplus is struck after interest paid less received of £1.75m (£0.8m) and an increased contribution from associates of £0.76m (£0.39m).

After tax of £1.59m (£1.56m) and minorities of £1,000 (£2,000), the attributable surplus emerges at £3.54m (£3.42m).

Earnings per 10p share are shown as 2.11p against 2.095p after adjustment for the conversion of loan stock in 1979.

Adjustment of the 1979 results for translation at average rates of exchange has reduced profits by £30,000. Had 1980 profits been translated at the same average rates, operating profits would have been £160,000 higher, say the directors.

The first-quarter tax charge excludes UK deferred tax. Had provision been made, the charge would increase by 0.54m (£0.85m).

● comment

Smith and Nephew's advance in trading profits was reduced to a 5 per cent pre-tax rise by heavy first quarter interest charges. Rising rates, costs related to the acquisition of Anchor Continental and an increase in working capital all contributed to an interest charge up 120 per cent on the comparable period. Gearing now stands at 50 per cent and total net borrowings of around £40m will mean continuing high interest charges. On the profits front, the medical and health division (which accounts for 45 per cent of group income) was up 15 per cent against last year's first quarter. Textiles suffered slightly because of dollar-invoiced denim against S and N's sterling-based materials. But associated companies performed well, especially British Tissues and Mexican interests. At 67½p, the historic yield is just under 8 per cent and the p/e stands at a fully taxed 10.6.

GORDON AND GOTCH

Sir Anthony Precival, chairman of Gordon and Gotch Holdings, says figures prior to audit, for the year to March 31, 1980, exceeded his forecast, last November, of a £1.2m pre-tax profit.

N. INDUSTRIAL

The continuing high interest rates have increased profits of Northern Industrial Improvement Trust for the half-year to September 30, 1979 which should enable the directors to increase dividends for this year.

In their opinion, the outlook for long-term investment remains obscure.

PROPERTY SHARES

Trust of Property Shares has been elected a member of The Association of Investment Trust Companies.

Moss Eng. slightly lower

HIGH INTEREST rates and the national engineering and steel disputes affected first half 1979-1980 results of the Moss Engineering Group. Although trading surplus for the half year to end February, 1980 was nearly 20 per cent higher, interest charges jumped by almost £100,000 to £183,191. This left pre-tax profits lower at £341,426, compared with £356,065.

However, the environmental engineering group, is optimistic for the full year.

Sales for the half year improved from £6.25m to £6.92m, of which £5.16m (£4.41m) came from home trade, and £1.19m (£1.23m) from direct exports. Inter-group sales accounted for £0.56m (£0.61m).

The net interim dividend is 2.1p (2.01p) per 25p share—last year's total was 5.86p on taxable profits of £912,000.

● comment

Last year's second-half strength indicates that not too much should be made of interim figures at Moss Engineering when assessing full year prospects. The 1979 GEI fight-off profit forecast was beaten with the help of a major second-half Libyan contract. This time round, Moss will start second-half deliveries of its £4m Al Ain sewage plant order, and is dropping thinly-veiled hints about another major contract almost within its grasp. The engineering strike hit the company to the tune of perhaps £100,000 or so, while the steel strike had more or less no direct effect. The move to handle major one-off jobs could cause nervousness if gaps begin showing in the work-load, but the order book for the next 18 months sounds fairly solid. The historic fully-taxed p/e is nine at 88p and the yield for the last 12 months is 10 per cent.

Hunt Chemical

First quarter 1980 sales of Philip A. Hunt Chemical Corporation, of which 63.5 per cent owned by Turner and Newall, rose by 7 per cent to $56.74m, but net profit decreased by 18.5 per cent from $1.81m to $1.47m.

The downturn was principally because of higher operating expenses and unrealised foreign exchange losses, the directors explain.

Tax for the period took $1.4m ($1.88m) and earnings per share is given as 26 cents (32 cents).

Balance sheet recovers at KCA International

A TURNROUND from net current liabilities of £2.8m to net current assets of £1.55m at the 1979 year-end is revealed in the group balance sheet of KCA International.

Mr. Paul Bristol, chairman, say this has been achieved by the sale of assets, the renegotiation of past loans, the rescheduling of short-term debt, and overall financial improvements.

Current assets totalled £13.53m (£8.58m), and included £3 (nil) due from sale of assets and cash and bank balances of £3.12m (£0.65m).

Current liabilities amounted to £11.98m (£9.76m), of which £1.09m (£1.67m) related to short-term loans and £1.64m (£1.34m) to bank overdrafts.

Pre-tax profits were £2.68m for 1979 including a £0.96m surplus on sale of land, as reported on April 11.

A letter with the report shows that, at April 22, borrowings totalled £5.56m, including bank overdrafts of £0.84m. Secured loan facilities amounting to £2.66m had been arranged in favour of two subsidiaries to finance capital expenditure and are repayable within five years of drawdown.

In his annual statement Mr. Bristol says: "Your company will grow rapidly during the next few years due to two factors: first the oil services market is extremely buoyant because of the need for the major oil companies and countries themselves to find new oil reserves and secondly because your company has both the managerial and financial strength to expand and take on an ever increasing share of the vast oil services market.

"The cost of expansion is high, but it is vital that we grow while the market is buoyant and prospects for it remaining so are likely to continue for some years. To finance this development will take many millions of pounds. This is beyond the means of KCA as presently constituted. However the successful launch of Berkeley Exploration and Production has shown that it is both possible and desirable to finance each part of your group through a public offering of shares."

He adds that "within five years your company will become a major British force in the oil services industry comparable with the American giants."

A professional revaluation of the freehold property at Kingsnorth resulted in a £2.3m net surplus credited to revaluation reserve.

Meeting, Hotel Inter-Continental, W. on May 28 at noon.

Charterhouse sees rise

IN HIS annual statement Mr. Nigel Mobbs, chairman of Charterhouse Group, says the group is increasing its spread of investments and financial activities and looks forward to a better year of profits. These should again be materially assisted by increased oil revenues, even though such profits are more highly taxed than others.

He states that Charterhouse is now a broadly based investment and banking group, offering a wide range of financial and equity support to commerce and industry. It will continue to assist the prosperous development of small and medium-sized businesses and its financial resources will continue to be re-invested in new opportunities.

As reported on March 28, taxable profits for 1979 increased by 10 per cent to £10.3m, compared with an annualised £9.4m. On a current cost basis these are shown at £5.5m (£6.8m for 15 months). Meeting, Abercorn Rooms, EC, on May 29, at noon.

BOC offshoot 33% ahead

African Oxygen, the 60 per cent-owned subsidiary of BOC International, improved pre-tax profits by 33 per cent to R12.01m in the six months to March 31, 1980, on turnover 23 per cent higher at R83.54m. In the last full year, when margins were squeezed, profits totalled R22.1m and turnover R153.5m.

Mr. Bean Sutherland, chairman, expects the growth pattern established to be maintained in the second half of the current year. He expresses confidence of continuing growth and says the company is spending R22m on capital projects this year, to maintain market position, with a further R27m planned for 1980/81.

Excluding extraordinary profits, arising from the sale of an electronics subsidiary, first half earnings per share amounted to 35 cents (17.04 cents).

BIDS AND DEALS

Liggett gets counter bid from U.S. group

Grand Metropolitan's chances of succeeding in its $415m cash takeover bid for the U.S. tobacco and drinks group, Liggett, received a major setback on Tuesday when Liggett welcomed a cash and shares offer from another U.S. food group, Standard Brands, that could be worth $530m.

Standard said it would soon offer $65 per share for up to 45 per cent of Liggett's common stock. In addition, it would offer $70 a share for all of Liggett's 7 per cent preferred shares, each of which carries eight votes. These two offers, if fully subscribed, would leave Standard a fraction short of 50 per cent voting control.

Standard also plans to exchange each remaining Liggett share for a new $5.80 preferred share of Standard, convertible into 2.093 Standard common shares.

No further details on the Standard bid have been provided by Standard or Liggett.

Grand Met, whose $50 a share cash offer is for all the Liggett common shares it does not already hold, has refused to comment on the Standard bid.

Liggett has vigorously opposed the Grand Met bid, initiating several legal actions designed to delay it. Also, early this week, Liggett completed the sale of one of its drinks subsidiaries, Austin Nichols, to the French group, Pernod Ricard, for $97.5m in cash.

MARSH/BOWRING

Marsh and McLennan of the U.S., the world's largest insurance broker, together with C. T. Bowring and Co. of the UK, which it is now recommending Marsh's bid to shareholders, is planning to hold a presentation for the 26,000 shareholders of Bowring next week.

The meeting will be held in the Grosvenor House Hotel and is intended to tell shareholders about Marsh and McLennan and its plans for Bowring. Mr. Jack Regan, chairman of Marsh, will be present.

NO PROBE

London and Provincial Poster Group states that the Office of Fair Trading has indicated that it is not intended to refer the proposed acquisition of L. and P. to the Monopolies Commission.

Accordingly, provided that the High Court sanctions the scheme of arrangement, it is expected to become effective and binding on shareholders on June 18.

Christies International acquires Robson Lowe

Christies International is acquiring Robson Lowe, the philatelic organisation, for £750,000 cash plus an amount equal to the after-tax profit for the year to August 29, 1980.

Robson Lowe's pre-tax profit for 1978/79 was £217,000, and the net tangible assets to be acquired, amounting to about £550,000, include colour printer Woods of Perth but not the stamp stocks.

Mr. Robson Lowe will remain as chairman of the Robson Lowe group with Mr. L. G. Hannen, deputy chairman of Christies, as his deputy and Mr. Charles Leonard as managing director.

The other directors will continue in office and will be joined by Mr. Jonathan Price from Christies, as director responsible for finance.

Sales of stamps will continue to be held regularly at Robson Lowe's premises in London, Bournemouth, Basle, Geneva, Zurich, Bermuda and Johannesburg. In addition, Christies' offices worldwide will provide a greatly expanded service to philatelists in the international market.

R. & J. PULLMAN

Mr. Ronald Philips has purchased 20,000 shares in R and J Pullman, the textile concern. Mr. Philips joined the Pullman board following Pullman's acquisition of Ronald Joyce, a bridal wear and ladies evening wear manufacturer, in February.

F. J. C. LILLEY

F. J. C. Lilley has acquired Henry Jones and Son (Portsmouth) for £300,000.

Henry Jones is a building contractor in the Portsmouth area, and the acquisition continues to further Lilley's policy of seeking to establish the group in new geographical areas.

Pauls & Whites paying £0.8m for L. F. Jewell

Pauls and Whites has reached an agreement in principle for the purchase of L. F. Jewell for £800,000. It is expected that this will be satisfied by the issue of new fully paid Pauls and Whites ordinary shares.

Jewell, located in Bridgwater, Somerset, and Redhill, Avon, is the Ford main dealer for tractors and industrial equipment in those areas. It has made profits before tax in excess of £200,000 in each of the last two years.

PRISMO UNIVERSAL

Prismo Universal, a wholly-owned subsidiary of Redland, has acquired the Thormack Group for £500,000 in cash.

The main business of Thormack, based in Sussex, is road maintenance.

ICG HAS 97.4% OF COMPAIR

Imperial Continental Gas has now acquired, or agreed to acquire, 97.4 per cent of the share capital of Compair. The Board intends to acquire compulsorily the outstanding shares.

WARING/MAPLE

Fielding, Newson-Smith and Co., brokers to Waring and Gillow, on May 2 bought on its behalf 200,000 Maple and Co. at 35½p.

Marks & Spencer shows 7.5% increase to £174m

SECOND-HALF increase of [illegible] helped raise taxable [illegible] of Marks and Spencer by [illegible] per cent to £173.65m for the year to March 31, 1980, against £161.55m previously. Total sales were 13.2 per cent higher at £1.67bn.

Interim profits were up from £73.04m to £76.86m, and the directors expeced good increass in sales and profits during the second aix months.

Trading profita rose hy 6 per cent to £187.93m for ths year, before interest payable of £12m (£10.43m), depreciation or £15.41m (£13.33m), and interest receivable of £16.18 (£10.67m). This left £176.7m (164.26m) prior to a £3.05m (2.7m) allocation to employees' profit sharing scheme.

UK profits expanded by £9.84m to £173.59m, on sales 13.4 per cent ahead at £1.54bn. In Europe, profits improved from £1.13m to £1.86m after £0.37m pre-opaning expenses of the new Dublin store. Turnover reached £28.45m (£23.58m).

There was a turnround from losses of £0.63m to profits of £1.25m in Canada, where sales increased to £69.67m (£63.3m).

The results of overseas subaidiaries have ben consolidated using exchange rates ruling at the year-end. The directors aay sales and profits comparisons bave been distorted because of the strength of sterling. Expressed in currency terms, the increase in European storea' sales was 31.1 per cent against 20.7 per cent, while Canadian salea were 18.3 per cent bigher, compared with 10.1 per cent.

The net total dividand is lifted from 2.6087p to 3.4p, with a 1.9p final. Stated earnings psr 25p share are ahead to 7.21p (6.58p).

Tox took £79.27m (£76.31m). The attributable balance emerged 9.8 per cent bigher at £93.86m (£85.51m), afer minorities.

● comment

Although M and S has picked up s little in the second six months the full year result remains disappointing in a generally good year for UK retail spending. Food sales have been exceptionally good, riaing as much as a quarter in the closing six months, and for the year as a whole it looks as if Marks achieved around 10 per cent volume growth. It was different in non-foods, where volume was down a little, and the weakness of textiles highlights the group's central problems; that its 90 per cent UK sourced merchandise has become overpriced. Marks is sticking to its UK suppliers, but they must be feeling the pinch on price negotiations. The p/e on publisbed earnings is nearly12—there is a significant premium for quality—and the yield is a modest 5½ per cent.

Bulk shipping division boosts P & O profit to near £39m

A GREATLY improved result from its bulk shipping division belped the Peninsular and Oriental Steam Navigation Company to exceed the chairman's mid-term expectations with a surge in 1979 pre-tax profits from £18.49m to £38.72m. Gross revenue climbed from £1.13bn to £1.38bn.

When reporting a pick up in first-half profits from a depressed £0.62m to £13.78m, the Earl of Inchcape, the chairmsn, forecast that the full year result would show a marked improvement over 1978. In the event, the bulk markets—tanker, dry hulk and LPG—were all firmer than anticipated.

The chairman now says that in 1980 group profits are unlikely to increase other than moderately. This is mainly because the group had expected its interest burden to show a very substantial fall this year following asset disposals, but the full extent of this relief will not now be felt until current high interest rates show a significant decline.

Results in the first quarter of this year have shown a marginal improvement.

A U.S. subsidiary, P & O Falco Inc, has changed its accounting policy for valuation of oil inventories from FIFO to LIFO resulting in a reduction of £4.16m in the year's pre-tax profits.

The process of transferring liner trades to OCL for containerisation will continue. Trade from Europe to the Arabian and Iranian Gulf will move into OCL from December 1, 1980, and this will increase the group's participation in the OCL consortium to 39.12 per cent.

Stated earnings per £1 deferred stock jumped from 5.2p to 17.6p and the dividend is raised to 7p (6.54228p) net with a final of 4p.

There were extraordinary credits of £51.97m (£7.44m debits) including £54m from the sale of P & O Oil Corporation, and the group interests in the Beatrice oilfield, Bishopsgate Insurance Company and Bovis Corporation (Canada).

Following a change in accounting policy for ship sale profits, comparatives have been restated and the balance of these profits transferred to reserves. Group reserves increased by some £65.1m after deducting profits on ship sales.

Group borrowings were reduced by over £100m to £321m, while capital commitmants fell from £82m to £20m.

● comment

P and O's strong profits recovery owes a good deal to the upturn in energy tradingâ which despite a switch in stock accounting to a LIFO hasis still produced a £9m turnround from 1978. Equally, the revival in the bulk shipping division owes a lot to ths Mundo Gas gas trading associats. But the vital feature of 1979 was the degearing programme: after the final payment for the U.S. oil assets gross borrowings should be below £300m. As shipping markets are likely to be weak this year, any improvement in profits will have to come from a lower interest charge. Unfortunately, the bulk of borrowings are at floating rate, and the rise in interest rates will almost cancel out the henefit of lower net debt. The chances of a strong recovery over the next few years are excellent, but doubts about the volume of world trade and the quality of some of P and O's trading earnings may prevent much enthusiasm arising for the shares.

Interest charges hit Mallinson

TRADING SURPLUS for 1979 of Mallinson-Denny moved ahead by £1.9m to £15.12m, but after a sharp increase in interest charges from £3.18m to £5.93m, the pre-tax result was down at £9.19m, compared with £10.04m. Second-half taxable profits showed a fall from £5.28m to £4.32m.

Exteroal sales of this international timber and general merchant and maker of wood-based products, climbed from £207.9m to £225.1m for the year, and turnover during the first quarter of this year is ahead of the same period of 1979.

As a result of substantial stock appreciation relief, tax charge was much lower st £0.16m (£2.29m) giving net profits up from £7.74m to £9.03m. There were extraordinary debits of £521,000 (£294,000) relating to the effect of adverse currency variation on the valuation of overseas assets.

Stock levels have reduced since the beginning of this year.

Earnings per 25p share are atated ahead by 2.11p to 17.37p, while the dividend total is atepped up from 3.118p to 3.75p net, with a final of 2.25p. Ordinary payments absorb £1.97m (£1.61m) and retained profits emerged at £6.46m, against £5.76m.

● comment

Mallinson-Denny has taken a calculated view of interest rates versus stock appreciation tax relief, and plumped for the latter. The upshot is a bank overdraft up 76 per cent to £31m, and a UK tax credit. The decision stands or falls by what happens to market demand and timber prices while Denny's stocks are high, but the company reckons that so far its move has been a shrewd one. Trading bas been generally solid, except in South-East Asia. The problem market is Thailand, which depends on the prosperity of local farmers who have been hit by succeeding years of drought and flood. Australia has come ahead well, helped by a management restructure. For the current year, the group will be taking in a nine-month contribution from its Keith Young acquisition. The price was £1.5m, with a £480,000 profit guaraoteed for the year to August. Denny ahould see £300,000 from Young for the March-December period. Analysts expect slackening interest charges to help the current year up to £11m or more pre-tax, with perhaps a 20 per cent tax charge. On that basis, earnings per share would be slightly down after the issue of shares to pay for Young, indicating a prospective p/e of 3.8 at 65p, and a yield of 11.7 per cent historic.

CMT falls at midway

AFTER interest charges more than doubled at £1.17m against £518,000, pre-tax profits of the Central Mannfacturing and Trading Group fell by £288,000 to £1.14m in the six months to January 31, 1980.

Margins came under pressure as a result of generally flat demand, says Mr. Tony Hickman, the chairman, and the results were alao affected by the engineering and steel strikes.

Nevertheless, trading profits improved from £1.92m to £2.23m, and external sales were up at £43.52m (£33.81m).

The interim dividend is maintained at 1.65p net—last year a final of 1.65p was paid from total taxable profits of £3.66m.

The pre-lax surplus is struck after associates' profits of £70,000 (£24,000) but before a higher tax charge of £533,000 (£353,000) resulting from a reduction in atock volume and consequently lower stock relief. Net profit emerges at £0.6m (£1.07m) and earnings per 10p share are ahown as 2.3p (4.1p).

The adoption of SSAP 12 relating to the depreciation of freehold buildings bas reduced the pre-tax profit by £100,000, says the chairman.

● comment

The only obvious benefit so far from CMT's rationalisation is a £3m release of cash resources which has had the useful effect of halving gearing to around 25 per cent. The 20 per cent interim pre-tax ahortfall suggests that an indifferent five year track record will worsen before it gets better and there is little immediate sign that the group's performance and dividend cover is set to improve. The yield at 42p, taking the declared interim and last year's final distribution, is already 11.7 per cent after all and perhaps the best that can be aaid at this stage is that a fully taxed p/e of 6.8, again taking the last 12 montha' reported profits, is expecting very little.

Feedex slips to £0.83m

PRE-TAX PROFITS of Feedex Agricultural Industries, manufacturer of apimal feeding stuffs and agricultural machinery, declined by £309,454 to £831,686 for 1979. At halfway, the figures were £435,000 against £516,000.

There was a tax charge of £253,000 (£450,000) and this, say the Board, reflects increased stock appreciation relief end capital allowances. After deduction of minorities of £9,000 (£16,000), the attributable profit was £570,000 (£576,000), and stated earnings per 10p share are 4.36p (4.44p).

The final dividend is effectively raised from 0.708p to 0.885p making the total 1.535p (1.228p adjusted)—a net increase of 25 per cent allowing for the one-for-four scrip issue. Dividends paid and proposed absorb £201,000 (£181,000).

CONTINENTAL UNION

Net revenue of the Continental Union Trust Company rose from £1.17m to £1.55m in the year to *March 31, 1980, before tax of* £504,972 (£242,796).

The dividend is stepped up to 6p (4.25p) with a second interim of 4.25p in lieu of a final. In order to reduce disparity, the Board intends to pay an interim dividend of 2p in respect of the current year.

Net asset value is ahown as 152.7p (182.9p).

Sears growth pegged by margins squeeze and engineering

INCREASED PRESSURE on margins in the footwear division and losses incurred by the engineering side meant that profitability at Sears Holdings fell back in the second six months to January 31, 1979, against the same period of 1978-79, leaving full year pre-tax profits only slightly ahead at £92.78m, compared with £92.04m. Sales, bowever, ross 14 per cent to £1.26bn.

First-half profits had risen from £31.69m to £37.59m and Mr. Leonard Sainer, the chairman, thsn forecast a satisfactory increase in the full year's result.

He now says footwear margins were reduced as a result of the decision to defer the application of bigher VAT, although there was a compensatory increase in overall market share. Earnings were also affected by the unseasonal mild weather in December and January, but aince the year-end sales bave been ahead of the corresponding period last year.

Losses on the engineering side were mede worse by the national engineering atrike.

A divisional breakdown of turnover and trading profits—down from £98.18m to £96.01m—ahowa (in £000's):—footwear retailing and manufacturing £367,014 (£310,970) and £59,221 (£56,818); departmental atores, jewellery, other retailing £288,894 (£261,596) and £17,332 (£19,670); engineering £83,393 (£79,587) and £6,011 loss (£382 profit); motor vehicle sales, services and delivery £143,876 (£129,492) and £7,811 (£5,253); licensed betting offices £310,166 (£266,260) and £6,720 (£8,172); property development and investment £34,273 (£26,621) and £8,117 (£6,083); U.S. linen hire, industrial laundries and knitwear distribution £31,233 (£31,022) *and £3,019 (£1,805).* Internal sales accounted for £1.1m (£2.06m).

With SSAP 15 adopted, tax charge for the year fell to 30 per cent at £27.95m (adjusted £38.03m). There was an extraordinary deblt of £865,000 this time, representing net loss on businesses closed down or sold during the year, and after minorities, attributabls profits emerged 18 per cent higher st £62.68m.

Earnings per 25p share are shown as 7p (5.9p) including extraordinary items and as 7.1p (5.9p) excluding the same. A final dividend of 1.3p net lifts the total payment by 40 psr cent to 2p (1.44p) per share.

● comment

With the main profit earner, footwear, beld back by difficult manufacturing conditions and the £5m cost of absorbing VAT on the retail side until August, there have been few compensating improvements elsewhere for Sears. Engineering has turned round into trading losses of £6m, while in the general retailing division Selfridges' contribution has fallen 12 per cent to £10.8m, and the Miss Selfridge profit is down from £1.2m st £400,000. With fixed rate debt and a £50m casb pile, current high levels of interest have allowed a net reduction in net interest charges, hut profits will be hard put to reach £100m in the current year. The shares yield 7½ per cent are standing on a prospective earnings multiple of below 8, fully-taxed.

Milletts better than forecast at £1.6m

IN ITS first full year as a public company, Milletts Leisure Shops reports s pre-tax profit of £1.6m for the period to January 28, 1980, compared with £1.26m for the previoua 12 months. Turnover went ahead from £12.03m to £14.15m.

The results were achieved in the face of difficult trading conditions in the retail sector, points out Mr. Alan Millett, the chairman. A final dividend of 4p lifts the net total to 6.95p—a single payment of 3.317p was made in respect of that part of 1978-79 which followed the offer for sale.

Both profits and dividend are ahead of the forecast made in tha offer for sale document, when the directors anticipated recommending a total distribution of 5.695p from a surplus of "not less than £1m."

The group has entered the current year with plans for a large expansion programme, and the chairman warns that the substantial costs of this will affect the first half results. But the Board is confident that benefits will begin to accrue in the second half, and the full year result will be satisfactory.

After lower tax of £162,000 (£290,000), the net profit shows a rise of 48.8 per cent to £1.44m (£0.97m). Stated earnings per 20p share are up from 21p to 27.7p. Dividends absorb £312,000 (£117,000).

● comment

After a 4p rise to 150 yesterday, Millett's shsres are broadly back where they were six months ago but within that period profits have shaken off the torpor indured by the summer VAT rise to finish the year almost 29 per cent ahead. The benefits of new-store openings, which will continue this year, and a new computerised stock control system have belped to widen margins by a point but tha level of consumer spending this year is obviously in question. So far, the recessionary message has yet to reach the high street and, trading within the middie to lower end of the market, Milletts might reasonably claim a degree of immunity. The camping business, contributing around a fifth of group income, should also help and a fully taxed historic p/e of just under double figures is beginning to take notice of the uncertainties. A yield of 6.9 per cent, however, offers no better than average support.

Gomme half-time advance

IN THE six months to January 25, 1980, pre-tax profits of Gomme Holdings, manufacturer of G-Plan furniture, showed a substantial improvement from £765,000 to £1.26m on turnover up from £15.12m to £17.9m.

The pre-tax figure was strurk after interest payable up from £153,000 to £244,000. After tax of £251,000 (£187,000), net profit advanced from £578,000 to £1.01m.

Stated earnings per 25p share are 7.696p against 4.377p, and the interim dividend is unchanged at 0.887p—last year's total was 4.057p from pre-tax profits of £1.9m.

● comment

The good nsws at Gomme is that interim profits are nearly two-thirds higher, the bad newa is that the aecond half will collapse to leave profits for the year in the region of only £2m against £1.89m last year. A long way short of the mid-seventies when they were floating around the £2½m mark. The industry figures show tbat tbe first quarter of the current calendar year (Gomme's third quarter more or less) was down 15 per cent in volume terms. Gomme held steady but ths recession, partcicularly in upholatered furniture, is catching up. There was an 8½ per cent increase in January and yet sales value will be only around £17m in the second balf indicating a volume downturn of perhaps an eighth. While profits are falling away Gomme fails to really trim back on its capital spending. In this financial year capital expenditure will be around £1.8m, and another £1.5m is earmarked for the next 12 months. Borrowings bave risen from £2m to £3m and interest charges by the year end could notch up some £600,000. There comes a point where the shares are low enough—the fully taxed p/e of 5 and yield of 15½ per cent at 38p are saying that point has been reached.

ENGLISH AND INTL. TRUST

For the year ended April 15, 1980, revenue of English and International Trust advancad from £457,578 to £611,901, after tax of £338,601 against £268,105.

A net final dividend of 3.5p raises the total payment from 4.25p to 5p per 25p share.

Net asset value per share is shown at 127½p, against 134p a year earlier.

Matthew Hall finishes just ahead at £7.6m

HIGHER INTEREST receivable put pre-tax profits of Matthew Hall and Co. slightly ahead for 1979 at £7.57m, against £7.17m previously, despite a slip in the second half.

Tha tax charga for 1979 was substantially reduced at £1.84m (£3.34m) as a result of £1.84m being written back from deferred tax arising from atock relief. This boosted net profits to £5.73m, against £3.84m.

Earnings per 25p share are givsn as 22.74p (22.31p) including tha deferred tax write-back, and as 33.52p excluding the same. The net total dividend is effectively raised from 5.9089p to 7.105p, with a final of 5.46p.

● comment

Matthew Hall's track record bas been preserved by the marked jump in receivable income and with year end cash balances of £20m, supplemented by tha deferred tax write-back, there is every reason to suppose that deposit interest will again play a crucial role. This year, however, the group might reasonably expect a useful improvement at the trading level. Bilclough and Holliday Hall are responding to treatment after losing an aggregate £700,000 and the enginering dispute, which cost almost £500,000, bas pusbed several contract completions into the current period. The order book is atill good for about 18 months and, while margins in both engineering and services are tightening, profits ahould be starting to show the fruits of the first of several forays into the hitherto untapped U.S. and Far Eastern markets. Certainly, Ortech is expected to fit well with Scott and the fledgeling North American operation is forecast to break even this time. Setting up costs there and in Singapore cost some £200,000 in 1979. The share, down 1p yesterday to 184p, have been a resilient market recently and there is no apparent reason why they sbould remain anything other than a firm hold. The p/e of 7.9, ignoring the stock relief clawback, offers adequate support evan if the yield is a mere 5.9 per cent.

Receiver for J. Dykes

Unable to stave off heavy losses, Glasgow-based upholstered furniture maker J. Dykes (Holdings) has been forced to call in the receivers.

Even if trading conditions improved this year, the company would make a significant loss, according to an independent accountant's report. Since last December's statement to shareholders, this shows that "a trading loss of substantial and unexpected proportions" has been suffered.

This stemmed from a sharp *drop in sales as a result of the* difficult economic climate and stiff competition. The Royal Bank of Scotland has accordingly appointed a receiver.

Shares of the company, of which directors and family control more than 43 per cent, were suspended at 12½p earlier tbis month "pending clarification of tha company's position."

Talbex back in the black at halfway

A SWING back into the hlack is reported by The Talbex Group with pre-tax profits of £58,000 in the half-year to January 31, 1980. In tha corresponding period last year, the group reported a loss of £206,000. Historically the group has made higher profits in the second half and the board anticipates that this pattern will be continued, but account must be taken of the steel strike which affected the manufacturing companies.

The pre-tax profit was arrived after *interest of £308,000* (£142,000). There was again no tax charge, and an extraordinary credit amounted to £10,000 (£59,000). Stated earnings per 5p share before the extraordinary credit are 0.23p (loss 0.83p).

The potential purchaser of the Fair Air companies is unwilling to proceed and the board has decided to run them down.

Sainsbury 34% ahead after second half lift

A £7.21m rise to £24.3m in the second half lifted taxahla profits of J. Sainsbury to a record £43.82m for the year to March 1, 1980—34 per cent ahead of the £32.6m achieved last time.

The pre-tax surplus was struck after £2.21m to the new profit-sharing scheme.

Sales of the food retail distributor expanded by 21.8 per cent to £1.23bn (£1.01bn).

The net total dividend is stepped up by 44 per cent to 10.25p (7.12p), with a final of 7.25p. Earnings per 25p ahare are shown 32.6 per cent higher at 42.2p, against 31.83p, a rise of 14.5 per cent in real terms.

Sir John Sainsbury, chairman, says the group's ahare of trade in grocery outlets, measured against Department of Industry figures, reached 9.4 per cent by the year-end, compared with 8.4 per cent s year earlier. For that sector of the grocery trade measured by AGB, its share went up to 11.8 per cent (10.6 per cent).

After tax of £8.75m (£6.25m), net profits came through ahead from £26.41m to £35.07m. There was an extraordinary credit this time of £4.36m.

● comment

Incorporeting a 57 per cent gain in second half operating profits Sainsbury is wsll above expectations. The sales rise of 22 per cent *for the year* implies a volume gain of a tenth. The introduction of Monday trading *must lie* behind a good part of the volume advance especially in the second six months. Also ths 6 per cent increase in selling space was belpful, though the company says that most of the gains were schieved in existing stores. New openings *could* raise selling space by an exceptional 10 per cent this year, which must be good for volume, if not necessarily so for margins. The shares yield an appropriately modest 4.7 per cent and tha fully taxed p/e is around 12½.

Wardle chief moves

ANOTHER BOARD change has been announced at Bernard Wardle, the vinyl textile group whirh has justh een taken over *by Mr. Graham Ferguson Lacey.*

Mr. J. W. Sharpe, the managing diecotrr and chief executiva, is to hecome a director of Ferguson Investments, the new company formed by Mr. Ferguson Lacey to make the hid. He will be resigning from his positions within Wardle though he will be "available as a consultant."

Mr. Brian Taylor, formerly managing director of the safety and protection division of Wilkinson Match, has been brought in as chief executive of Wardle.

Investment aims of S. Pearson

THE AIM of S. Pearson and Son is to take advantsge of changing markets and world conditions, and to direct new investment into those areas where the best prospects lie for an increasing return on capital and growth in earnings, says Lord Gibson, chairman, in his annual statement.

This has been borne out by the acquisition last week of Fairey Holdings for £24m.

Nonetheleas, he adds, the greup's support for existing businesses does not tie it to a restricted pattern of development. "On the contrary, we seek hoth to reinforce success and to innovate."

Group taxable profits rose from £51.4m to £53.7m in 1979, as reported on April 23. On a CCA basis, the pre-tax surplus is redneed to £20.8m (£25.6m).

Fixed assets stood at £99.38m (£78.54m) at the year-end, wbile net current assets were ahead from £81.65m to £123.1m.

Pearson Longman

A reasonable atart to the current year has been made by Pearson Longman, Mr. Michael Hare, chairman, tells shareholders. But unstable worldwide economic conditions make forecasting unusually hard.

The reported pre-tax profit of £25.67m *(£25.5m) for 1979 is* reduced to £17.7m (£20.6m) on a CCA basis.

Second half setback for Moss Bros.

A lower than expected profit in the second half, amounting to £272,000 against £278,000, has left Moss Bros., tailor, with s taxable surplus just ahead st £428,000 for the year ended January 26, 1980, compared with £409,000. Turnover expanded from £6.51m to £7.99m.

Although aome growth is expected in the current year, through the opening of dress-wear concessions in major department stores, directors say that final results will depend on whether the climate for mens-wear retailing improves.

Stated year-end earnings per 20p share are 7.68p (11.41p) and the dividend is effectively increased to 3.311p (3.009p) net with a final payment of 1.911p.

BIDS AND DEALS

Cowie finally moves in with offer for George Ewer

BY REG VAUGHAN

T. Cowie, the Sunderland based motor dealer, has finally made its move for George Ewer and Co., the motor coach operator and motor trade distributor, in which it already has a 29.996 per cent shareholding.

Just a week after Ewer launched a £1.32m bid for Eastern Tractors (Holdings), an unquoted East Anglia distributor of specialist machinery, Cowie announced yesterday that it was conaidering making an offer for Ewer. If made it would comprise a mixture of cash and convertible preference shares, with a cash alternative.

Ewer's bid for Eastern Tractors, which involves the issue of 2.65m new shares, is seen as a defensive move and a controversial one in that it was not subject to shareholders approval.

Mr. Tom Cowie, chairman of T. Cowie, said yesterday that the bid announcement was made to protect Cowie's interest and was prompted by Ewer's proposed acquisition of Eastern Tractors. But he admitted that Ewer wss a company he would like to acquire.

Mr. Cowie said "as a logical businessmsn I do not feel that this deal is in the best interests of shareholders." But he would "not necessarily" pull out if the Eastern Tractors deal went through.

Cowie feels that the acquisition of Eastern Tractors is sufficiently material to warrant it being subject to shareholders approval in accordance with Stock Exchange rules, Samuel Montagu and Company, on behalf of Cowie, has made representations to the Stock Exchange but at present the situation remains unclarified.

Mr. Cowie said "we will move very quickly once we know what the Stock Exchange will do."

Under the rules if the gross capital of the target company exceeds 25 per cent of the gross capital of the buying company, the transaction will be subject to approval by shareholders of the buying company.

Based on 1978/79 figures for Ewer and 1977/78 figures for Eastern Tractors (its last published accounts) a ratio of 32.7 per cent of Eastern Tractors to Ewer is suggested. When Ewer's bid for Eastern Tractors was announced figures for 1978/79 were given as: turnover £17.59m and profit £10,369 (£308,419). At August 31, 1979 net assets amounted to £1.12m.

In their statement Cowie said that while wishing to keep an open mind on the merits of the proposed acquisition of Eastern Tractors, the company and its advisers present view is that it is not in the best interests of Ewer holders generally. Cowie feels that, if implemented, it could be expected to reduce, rather than enhance or maintain, the present per share value of the Ewer ordinary ahares.

Confirmation of an offer for Ewer and the precise terms are not expected until the position regarding Ewer's proposed acquisition has been clarified and detaila are available. Cowie said that when, therefore, it is appropriate for ths company to reach a final decision, judgment of the implicationa of the Eastern Tractors proposal will be a significant factor.

MINING NEWS

Zimbabwe keeps options open

BY KENNETH MARSTON, MINING EDITOR

ZIMBABWE'S NEW socialist Government has no plans at this stage to take equity participation in the couotry's mining industry, *nor to establish worker committees to run the mines, reports* Tony Hawkins from Salisbury.

This assuranca to the industry was given by Prime Minister, Mr. Robert Mugabe, in an address to the Chamber of Mines' annual meeting in Salisbury. Tha Premier categorically denied international Press reports that his Government wanted to take a 35 per cent stake in the country's mining industry.

He said: "My Government has no intention of making any changes in mining legislation or control in Zimbabwe at this stage."

However, he added, that changes might he necessary in the future, but they would only come about when they contributed to the Government's policies and, in particular, to the "betterment" of the welfare of the masses.

Earlier this week Mr. Mugabe had said that future foreign investment in Zimbabwe would have to be "Zimbabwe-orientsted" (the minority shareholding remaining in the country) with the requirement that profits must be reinvested there.

He said yesterday that he wished to stress that the key word in his view was "persuasion" and not "compulsion." It was not the Government's intention to legislate against profits repatriation, "hut rather to invite investors to join in the spirit of onr Zimbabweanisation programme." The best way in which foreign investors could do this, he said, was by reinvesting a higher level of profits than had been the practice in the past.

Mr. Maurice Nyagumbo, the *Minister of Mines,* forecast that the country's mineral output this year should rise to a record value of "well in excess" of Z$400m (£275m), against Z$315m in 1979, thanks to the rise in gold prices. He added that two mining groups — presumably including Rio Tinto-Zinc—had decided to go ahead with major expansion projects.

Understandably, mines operating in the country will tend to be "persuaded" to reinvest their profits there. But Mr. Mugabe's latest statement is hardly likely to encourage new foreign mining investment in Zimbabwe, especially at a time of soaring capital costs and more attractive homes for such capital elsewhere.

CRA

EARNINGS of Conzinc Riotinto of Australia this year should be st least ahead of those for 1979 despite the world economic recession and the fact that ths "significant" rise that has been seen so far is unlikely to be sustained, said Sir Roderick Carnegie at the Melbourne meeting.

Regarding the Ashton joint venture diamond project in Western Australia, Sir Roderick said that while mucb work remained ot be done before the viability of long-term operations could be established, "a small scale short-term operation, based on the alluvial upper terraces at Argyle, could be commenced at an earlier date.

ISSUE NEWS

Hawley Leisure £1m rights

Hawley Leisure, the fast expanding amusement machines and bedroom furniture group, is raising £1.1m by ways of a rights issue of about 3m shares at 40p per share.

The rights iasue is on the basis of one new ordinary share for every six beld, one new ordinary share for every £1 nominal 12 per cent convertible unsecured loan stock 1986-88 and 10 new ordinary shares for every £3 nominal convertible debenture atock 1980-84.

The directors propose to use tha proceeds for expansion.

The directors intend to pay dividends of not less than 1.6p for 1980 on the increased capital. The issua has been underwritten by Barclays Merchant Bank.

Dealings in the new shares are expected to begin on May 12.

The company's shares were unchanged at 48½p yesterday.

a second dividend of 15p in the pound on June 6, making 33p in the pound. He estimates that further dividends paid over a period of several years should bring the total paid to unsecured creditors to 60p in the pound.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Altifund	8.5	July 26	0.77*	2.91	1.94*
Rixton Estate	1.46	July 11	8.7	12.5	10
C.M.T. ......int.	1.65	July 4	1.65	—	3.3
J. A. Devenish ......int.	2.25	July 14	2.13	—	7.38
Dhamai Hldgs.	4	—	4	4	4
Dualvest	3.2	May 31	2.96	8.87§	6.14
English & Intl. Tst.	3.5	July 28	3.2	5	4.25
Feedex	0.89	July 4	0.71*	1.54	1.23*
Con. Union Tst. sec int.	4.25	June 9	3	6	4.25
Gomme Hldgs. ......int.	0.89	July 3	0.89	—	4.06
M. Hall	5.46	July 1	4.35*	7.11	5.91*
Mallinson-Denny	2.25	July 2	1.87	3.75	3.12
Ldn. & Prov. Shop int.	0.5	July 2	0.36	—‡	1.3
Marks and Spencer	1.9	July 18	1.46	3.4	2.61
Milletts	4	July 10	3.32	6.95	3.32
P & O	4	July 1	3.54	7	6.54
J. Sainsbury	7.25	July 25	4.85	10.25	7.12
Samuelson Film ...int.	nil	—	3	—	8.77
Trust Union	1.5	June 26	1.25*	2.7¶	2.1*
Sears Holdings	1.3	—	0.94	2	1.44

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of 1.11p forecast. § Includes special payment of 0.7249p. ¶ Forecast 3p total for current year.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Initial agreement reached over Itel debt package

BY DAVID LASCELLES IN NEW YORK

ITEL, the ailing San Francisco leasing concern, has made some progress towards restructuring its $1.2bn debt, but says that settlement of its large insurance claims against Lloyd's of London could still be a long way off, and this might delay final solution of the debt problem.

In an announcement on Wednesday night, Itel said it reached preliminary agreement with six nf its largest bank lenders. It gave no details, but said that the final package would inclnde reduced interest obligations, delayed maturities and the potential conversion of a portion of the bank debt into commnn and preferred stock.

The agreement is contingent on the approval of the remaining 28 bank and other lenders, as well as holders of certain Itel securities. (Apart from common stock, Itel has issued bonds in both the U.S. and the Eurodollar markets.)

Mr. James Maloon, Itel's recently appointed chairman and chief executive officer, was optimistic about the proposed financial plan. Ha said: "The interim agreement gives Itel an opportunity to maintain viability without seeking protection under the federal bankruptcy laws."

A Lloyd'e insurance syndicate insured Itel against cancellation of computer leasing contracts due to obsolescence of the leased equipment. However, certain aspects of the agreement have been challenged by Lloyd'a members.

Among Itel's outstanding debt are three Eurobond issues totalling $95m in principal amount. All of these issues have been recently quoted on an indicative basis at around 20.

Heinz unaware of 'violation'

PITTSBURGH—H. J. Heinz said that a special year-long investigation into income transferral and other prctices by some of its ffiliates in fiscal 1972 through fiscal 1979 found that certain subsidiaries, without the knowledge of Heinz management, engaged in improper sales, expense and income transferral.

The company said that the report has been filed with the Securities and Exchange Commission.

Heinz said that while the practices clearly violated its code of ethics, they did not materially affect its financial results over the period.

It said tha improper practices "did not serve any corporate purposes, nor did any individual employee derive any direct personal gain."

The report by the Audit Committee, independent counsel and outside auditors found that the amounts involved in the practices "were not material to consolidated net income or shareholders' equity in the aggregate."

The company said that the committee proposed strengthening the accounting controls and procedures for financial reporting, inclnding more direct participation by headquarters finance group of Heinz in affiliate company accounting.
Reuter

International Flavours pays more

BY OUR FINANCIAL STAFF

INTERNATIONAL Flavors and Fragrances, the New-York-based group which earns over 40 per cent of its profits in Western Europe, has increased its quarterly dividend to 23 cents a share from 20 cents, payable July 11 to s hareholders of record on June 20.

In addition to the bigger payout, the group forecast higher profits this year. Mr. John P. Winandi, treasurer, said after the annual meeting that analysts' projections of a 15 per cent increase in second-quarter earnings over a year ago are aobut on target. He declined to make a specific projection.

In tha 1979 eecond quarter the company had net income of $18m, equivalent to 48 cents a share.

Mr. Henry G. Walter jr., tha chairman, reiterated an earlier estimate that earnings would continne to grow at a compound annual rate in excess of 15 per cent fo rthe next 10 years.

In 1979 the company earned $81.5m, equal to $1.68 a share.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on May 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	91½	91⅞	−0½	+3	11.67
Australian Res. 9⅝ 84	30	94½	95	−0⅛	+1⅛	11.22
Beneficial Fin. 9⅞ 87	100	90⅝	90⅞	−1⅛	+1½	11.73
CECA Grad. Rate 12 88	100	95⅝	95⅞	+0⅛	+2⅞	13.02
CECA 11⅝ 90	50	98⅝	99⅛	+0⅛	+4⅝	11.82
Canadian Pacific 9⅝ 89	50	92⅝	92⅞	−0⅛	+2⅞	11.11
Carter Hawley 9⅝ 86	50	90⅝	91⅛	−0⅛	+1	11.91
Comalco Inv. E. 10⅞ 91	40	93⅞	93⅞	−1⅛	+3	11.27
Continental Grp. 9⅝ 88	100	91⅛	91⅞	−0⅛	+1⅝	11.59
Dome Petroleum 10 94	55	84⅝	85⅝	+0⅛	+2⅛	12.29
Dominion Bridge 10⅝ 84	30	94⅛	94⅞	0	+1⅛	12.01
EIB 11⅛ 92	30	96⅛	96⅞	−0⅛	+3⅛	12.29
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Bid	Offer	Change on day	Change on week	Yield
Copenhagen 8⅞ 91 EUA	20	102⅝	103	+1⅛	+0⅛	12.72
Tordom Co. 13⅝ 85 C$	30	93	94	0	+0⅛	9.71
M. Bk. Dnmk. 9 91 EUA	25	93⅛	95	0	0	9.82
SNFTE 8⅞ 89 EUA	40	93	94	0	+0⅛	11.27
U. Bk. Nrwy. 9⅛ 90 EUA	18	98⅝	99⅛	0	+0⅛	9.90
Amro Bank 8⅛ 84 Fl	75	97⅛	97⅝	−0⅛	0	8.98
Ned. Gasunie 8⅞ 84 Fl	100	98⅝	99⅛	0	+0⅛	9.22
Ned. Middbk. 8⅝ 84 Fl	75	95⅝	95⅞	+0⅛	+0⅛	9.88
Norway 8⅞ 84 Fl	100	96⅝	96⅝	+0⅛	0	9.40
Norway 8⅞ 84 Fl	100	95⅛	95⅝	0	+0⅛	9.27
Philips Lamps 8⅞ 84 Fl	75	95⅛	96	0	−0⅛	9.65
Air France 11 84 FFr	120	95⅛	95	0	+0⅛	12.68
CECA 14⅛ 85 FFr	150	103⅝	103⅞	0	−0⅛	13.34
Euratom 9⅞ 87 FFr	150	84	84⅛	−0⅛	−0⅛	13.29
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

SWISS FRANC STRAIGHTS

YEN STRAIGHTS

OTHER STRAIGHTS

FLOATING RATE NOTES

CONVERTIBLE BONDS

* No information available—previous day's price.
† Only one market maker supplied a price.

Canadian Pacific opens year firmly

By Our Financial Staff

CANADIAN PACIFIC, main holding company for the Canadian Pacific transport, hotel, industrial and investment gronp, has maintained its profit upswing into the opening quarter of this year. Net earnings hava jumped from $96.6m to $135.9m, with share earnings at $1.89 against $1.34.

For the full year 1979, the group turned in profits 52 per cent ahead.

Canadian Pacific Investments, the investment arm of CanPac, reports consolidated net income of C$136.3m in the first quarter of 1980, including a gain after income tax of C$13m on the sale of the corporations 12.4 per cent interest in MacMillan Bloedel. The increase in net income was C$52.3m or 62 per cent.

Earnings per common share were C$2.07, np 69 cents. Most sectors contributed to this growth in earnings, with oil and gas, metal mining and forest products showing the largest gains.

Income from PanCanadian Petroleum was up while earnings from Cominco, amounting to C$31.2m were np from C$19.6m. The increase was largely the result of higher prices for all industrial metals, particularly silver. Sales volumes of lead and zinc were slightly lower than in the first quarter last year. Early in 1980, there was a marked downturn in the price of silver followed by some softening in base metal prices.

● ASBESTOS Corporation, Canada's second largest fibre producer, had a first quarter loss of C$2.8m (US$3.36m) against a profit of C$3.4m, or C$1.21 a share a year earlier reports our Montreal correspondent. Sales were C$11.9m against C$43.1m. The first quarter results were seriously affected by a strike at the company's principal asbestos mines at Thetford, 100 miles north-east of Montreal. The company's Ungava mine in Northern Quebec is not affected. No settlement nf the strike is yet in view.

The company is 54.6 per cent controlled by General Dynamics Corporation of the U.S., and has been successfully fighting expropriation moves by the Quebec Government.

● MOORE CORPORATION of Toronto, the world's largest business forms manufacturer ...with worldwide interests, earned U.S.$27.9m, or $1 a share in the first quarter, against $24m or 85 cents a year earlier on sales of $443m against $364m, writes our Montreal Correspondent. Foreign exchange transactions reduced final profit this year to $25.5m against $23.6m a year earlier. Costs of developing the new business systems division were mnch heavier in the latest quarter than a year earlier.

● BRITISH COLUMBIA Telephone of Vancouver, earned C$12.2m (U.S.$14.6m) or 41 cents a share in the first quarter, against C$9.8m or 39 cents a year earlier on revenues of C$176m against C$154m, writes Robert Gibbens. The company is controlled by General Telephone Corporation of the U.S.

Goodyear Tire presses ahead with expansion

By John Makinson in New York

UNDETERRED BY the current slump in the U.S. tyre industry, Goodyear Tire and Rubber is pressing ahead with plans to expand its domestic production facilities.

Goodyear, tha world's largest tyre manufacturer, has spent $830,000 on land in Asheboro, North Carolina, where it expects to build a steel tyre cord plant "when business conditions improve."

The group expects to construct a 270,000 sq. ft. facility employing about 500 people on the 128.5 acre site. The plant will make radial truck tyres, which Goodyear sees as a growing market. The company already has a radial truck tyre factory in Luxembourg.

Goodyear has been investing heavily in the U.S. despite the stagnant demand. Last year it completed a $216m plant in Lawton, Oklahoma, and it is currently carrying out a $71m expansion programme in Virginia. Over the past five years, Goodyear has invested $564m in U.S. production facilities.

Goodyear's continuing confidence in the U.S. tyre industry, and especially radials, has drawn some criticism on Wall Street. Unlike several other tyre manufacturers, Goodyear has kept up a satisfactory level of profitability and almost maintained its first quarter earnings in a very difficult market.

This performance, however, was almost exclusively attributable to a surge in overseas income. In the U.S., inflation and plunging car production pared income from $54.8m to $8.3m.

Braniff omits its dividend after first quarter loss

BY IAN HARGREAVES IN NEW YORK

BRANIFF INTERNATIONAL, suffering from soaring fuel costs and restraints on fare increases, has omitted the quarterly dividend on its common stock.

The decision means that seven of the ten largest U.S. air carriers will not be paying dividends this quarter. Among the most recent dividend casualties in the industry have been United Airlines, Continental and American Airlines.

Braniff's decision follows its first quarter loss of $22m and was made in spite of repeated forecasts by the company that it would show a profit for the whole year provided that the Civil Aeronantics Board increases the flexibility allowed to airlines in raising their prices, as is thought likely.

Continental said that it foresaw two difficult years, during which it would make "fairly severe" cuts in its operations and reorganise itself around the hnh cities of Denver and Honston.

Another consequence of the airline industry's problems, which are now being aggravated by falling traffic in some sectors, was the recent announcement by Boeing that it would reduce output of civil airliners by 12 per cent next year.

Boeing, which builds over half the world'e civil aircraft, said it expected to deliver 283 airliners next year compared with 322 this year. The move at Boeing is not expected tn result in significant layoffs as the company has extensive development work in progress on its 757 and 767 aircraft. It has also just been named as prime contractor for the air-launched Cruise missile project.

Charter revises offer for Corco

NEW YORK — Commonwealth Oil Refining (Corco) has received a new proposal from Charter which provides for Commonwealth's 100 per cent acquisition by Charter.

The new proposal also calls for a study of a revised investment proposal from Arabian Seaoil.

Tesoro Petroleum, which holds 36.7 per cent of Commonwealth's stock, said it has agreed in principle to support the Charter proposal.

Tesoro also said it would not support the Arabian Seaoil proposal in its present form.

Commonwealth has scheduled a meeting for May 15 to decide which proposal to adopt to help it recover from bankruptcy.

Charter proposes that it or a new subsidiary acquire Charter. Each Commonwealth share would be exchanged for 0.55 shares of a new series X cumulative convertible preferred stock of Chaarter.

The stock will pay a dividend of 80 cents a share. Each series X share is convertible into 0.4545 shares of Charter.

Also, Commonwealth series A and R Convertible preferred shareholders would receive about 1.25 and 1.75 shares respectively of a new Charter series X cumulative-convertible preferred stock, plus cash equal to the dividend arrears.

Commonwealth said the revised Arabian Seaoil proposal provides for an increase to $4 a sbare from $1.50 in the price of special shares of Commonwealth to be received by Arabian Seaoil in return for a $20m equity investment.

The agreement would also estimate Arabian Seaoil's commitment to arrange for a supply of crude oil for Commonwealth.
Reuter

Sonatrach starts restructure

BY FRANCIS GHILES

THE long-awaited restructuring of Algeria's state oil and gas company, Sonatrach, has begun, with the creation of three new companies which will take over some of the activities of the old one.

Entreprise Nationale de Raffinage et de Distribution de Produits Petroliers will process oil and condensates for export and distribute refined products throughout Algeria.

Entreprise Nationale de Grands Travaux Petroliers will carry ont surveys and be responsible for the construction of large oil and gas projects while Entreprise Nationale de Plastiques et Caoutschouc will handle the promotion, production and marketing of plastic and rubber products.

There has been no mention to date of what other bodies will be set up to handle the exploration, production exports of oil and gas.

Sonatrach, which under Sid Ahmed Ghozali, its president until last year, was built np into a very powerful corporation, employs around 85,000 people and earns more than 90 per cent of the country's hard currency income, which last year amounted to $9.7bn, more than 50 per cent higher than in 1978.

The new director of Sonotrach and Minister nf Energy, M. Belkacem Nabi and other senior Algerians have, for a long time, felt that the corporation had grown too large for its—and Algeria's—good. Since his appointment just over a year ago a number of senior members of the corporation, not least Sid Ahmed Boudjakdji, the Director of Finance and the briliant Director of Exports, Nordine Ait Laoussine, have been eased out.

For many years, Sonotrach has been an important fund raiser on the international capital markets. The corporation's outstanding debt is believed to amount to around $9.2bn, $5.5bn of which has been drawndown. Of the total figure, just over half is made up of Exim-type credits, the rest of bank credit.

Algeria's total hard currency debt amounts to about $19bn butthe country has been reducing its borrowing abroad during the past 18 months. Sonatrach's large major eurocurrency loans amounting to $500m. was signed in London last autumn. It has not come back to the market since.

The company is engaged in protracted negotiations with Gaz de France and the El Paso Company of thfie U.S. in an attempt to double the price of liquefied natural gas (LNG) it sells. To back up its demands it has recently totally interrupted the supply of LNG to both countries.

Dollar Eurobonds hit by profit taking

By Peter Montagnon

DOLLAR EUROBONDS met further profit-taking yesterday with falle averaging ½ poins, though some nf the newest issues fared worse.

The profit-taking followed weaker indications from the New York market. It does not appear to represent a change in the market's fundamental situation but rather caution over the speed at which short term dollar interest rates have been falling, according to dealers in London.

In these circumstances, the substantial premiums at which some new issues have been trading no longer appeal to investors, they said. Losses in such issues exceeded one point in some cases yesterday.

D-Mark foreign bonde were by contrast firmer with average gains of ½ a point. They were supported not only by tbc decline in dollar interest rates but also by thc strength of tha domestic bond market where the Bundesbank sold some DM 180m worth of paper.

The Bundesbank is expected to boost money market liquidity by some DM 4bn today and this has caused short term domestic money market rates to ease.

Swiss franc foreign bonds are ½ points weaker on average. ESCOM is to float a SwFr 75m private placement guaranteed by the Republic of South Africa and managed by Swiss Bank Corporation. Indicated terms are a conpon of 6¾ per cent over four years with issue price par.

In the Yankee bond market, Caisse Nationale des Telecommunications plans a $125m, ten year issue through Lazard Freres and Co. Terms are not yet set, but a similar issue, for SNCF paying 9 per cent and due 1992, presently yields about 11.62 per cent.

Swedish bank in CD move

By William Dullforce in Stockholm

SVENSKA Handelsbanken has become the first non-London bank to issue its own short-term Eurodollar certificates of deposit in London following the Bank of England's decision to relax the rules governing non-resident banks' right to issue short-term money instruments.

The certificates, mostly for periods from three to six months with no rollover, are sold directly from the bank's money desk in Stockholm. Nordic Bank United, the London-based consortium bank in which Svenska Handelsbanken has a 25 per cent share, is acting as issuing and paying agent.

AEG-Telefunken to reduce losses

BY KEVIN DONE IN BERLIN

AEG-TELEFUNKEN, the financially-troubled West German electronics and electrical group, is expecting to reduce its loss this year to betweeo DM 100m and DM 200m in contrast to trading losses of some DM 437m ($245.5m) in 1979.

Herr Heinz Durr, tha new chief executive of the AEG group, said that the company is still holding to its forecast that it will manage to return to profitability in 1981.

Last year AEG ran up total losses of some DM 968m, of which about DM 524m was accounted for by the costs of moves to re-organise the company and cut back the loss-making sectors.

Measures to secure the immediate financial future of the group were now largely complete, said Herr Durr. In addition to the DM 930m subscribed by shareholders in new equity capital earlier this year, some DM 120m had been subscribed through the means of unsecured convertible debentures and DM 330m bad been raised through unsecured debentures taken up by a group of around 30 major West German industrial concerns.

This gesture of "solidarity" from some of Germany's biggest companies including groups such as Volkswagen and Bayer could produce a final sum of some DM 350m, said Herr Dürr.

The complete rescue could therefore total some DM 1.4bn in addition to the losses incurred by shareholders in having their original equity capital written down from DM 930m to DM 310m. The consortium of banks which underwrote the new capital issue of DM 930m—310m shares priced nominally at DM 50 were issued at DM 150 per share—are also carrying a large loss on the new issue with the AEG share price having tumbled since March from DM 96 to only some DM 73.

In addition to these measures AEG has also restructured nearly DM 2bn of its long-term loans with its banks agreeing to allow a maturity of 8 years and a moratorium on repayments for the first three years.

Herr Dürr said the forecast for a return to profitability in 1981 was based partly on the fact that many of the restructuring measures would only start to have a substantial effect on the group's performance in 1981 and 1982.

Last year all AEG's operating divisions were firmly in the red with the exception of the telecommunications and transportation systems sector.

Herr Dürr said that group sales worldwide were expected to grow this year by some 8 per cent to DM 15.1bn, while new orders should rise by 7 per cent to DM 15.2bn.

The group has failed to cut back labour costs as quickly as was envisaged when the latest batch of rescue measures were being formulated last year.

A further 6,617 jobs are expected to disappear this year bringing the group workforce down to 147,700. The biggest cutbacks are being implemented at AEG's manufacturing plants in Germany, with the loss of some 7,300 jobs this year, while the workforce overseas is actually being increased.

In the first quarter of 1980 AEG made satisfactory progress, said Herr Dürr, with orders rising by some 16 per cent above the level of the corresponding period last year. The main increase came from the group's divisions which serve the process plant industry, such as power engineering, industrial systems, telecommunications and transportation systems with new orders jumping by 25 per cent. First quarter sales were up by 6 per cent.

Advance in profits and sales at SKF

By William Dullforce in Stockholm

SWEDEN'S SKF Group continued to raise both its sales and earnings during the first three months of 1980. The bearings and steel manufacturer reported first quarter earnings of SKr 243m ($57.8m) against SKr 99m for the first three months last year and the SKr 161m recorded in the final and best quarter of 1979.

After more than doubling annual earnings to SKr 475m last year SKF predicted in its annual report a 10-15 per cent advance in sales this year. Improved efficiency and intensified marketing should make "significant improvements in group earnings possible" this year in spite of the recession in the U.S. and an expected downturn in Europe, it said.

Group first quarter sales climbed by 20 per cent to SKr 3.26bn ($776.6m) with all the main products showing good demand and favourable sales development.

Rolling bearings accounted for 68 per cent of turnover and showed particularly good profit development with the margin on sales rising from three to 7.2 per cent. First quarter earnings on bearings were SKr 171m.

RIV-SKF operations in Italy made the greatest advance but both the French and British bearing companies, which had been losing money recently, showed a marked change for the better.

The steel division, which also improved its margin from 3.7 to 6.7 per cent, accounted for 16 per cent of sales. It returned a pre-tax profit of SKr 39m compared with SKr 16m for the corresponding quarter of last year.

Greater sales volume and rationalisation benefits contributed to a relative drop in production and administrative costs of 86.4 per cent of sales against last year's comparable figure of 89 per cent. The sales increase was achieved with an insignificant rise in inventories which at the end of March corresponded to 48 per cent of annual sales in value.

Siemens lifts first half net earnings by 15%

BY JONATHAN CARR IN BONN

SIEMENS, West Germany's largest electricals concern, raised net profit to DM 323m ($181.46m) in the first half to March 31 from DM 280m in the same period of last year, a gain of 15 per cant.

The company also reports sharp increases in sales and orders both at home and abroad buoyed by, among other things, strengthened demand for energy saving products.

First half orders were up by 17 per cent to DM 17.1bn, with those at home also up by 17 per cent to DM 8.4bn and those abroad by 16 per cent to DM 8.7bn. Big foreign orders included a major power station deal with Thailand.

Meanwhile, sales were up by 18 per cent to DM 15bn, based on a rise of 23 per cent to DM 7.3bn at home and of 14 per cent to DM 7.7bn abroad. Company sectors registering the biggest rates of sales increase were communications, information systems and components.

All in all Siemens already seems set for results for the year as a whole surpassing that of 1978-79 in most key respects. Last year saw a fall in net profit to DM 682m from DM721m on sales down by three per cent to DM 28bn—a cut largely caused by the upset to business with Iran.

The first half figures also show that Siemens is continuing apace with its major investment programme announced earlier this year. Investment was up by nearly one third to DM 877m compared with the first half of 1978-79.

● The planned European sanctions against Iran could have a serious impact on the West German arm of the Brown Boveri engineering concern, according to senior company executives.

Dr. Hans Goehringer, BBC chairman, warned that as a result of the uncertainties surrounding Iranian business and the prospect of slackening domestic demand, the Mannheim-based German affiliate would probably reach a sales turnover of around the 1979 level of DM 4bn this year. Group turnover admittedly increased in the first quarter by 6 per cent to DM 706m, but this was largely based on strong domestic demand which showed an 18 per cent rise. Overseas business dropped by 12 per cent.

BBC is still highly exposed in Iran where its total order volume is almost DM 1.3bn. Large pre-payments have been received and the company is covered to some extent by the German export credit guarantee scheme.

Tell us more, urges the COB

BY TERRY DODSWORTH IN PARIS

THE COMMISSION des Operations de Bourse (COB), the Paria Stock Exchange's watchdog committee, continues in its campaign for greater disclosure by French companies and for swifter reporting of important developments affecting their future.

In its annual report for 1979 the COB maintains that there was a significant improvement last year in the quality of half-yearly reporting, where the COB has been aiming to introduce improved financial detail. Out fo the 83 companies censured for inadequate accounts for the first half of 1978 only seven repeated the offence in 1979, the COB claims.

The COB is maintaining pressure on companies to persuade them to open their annual meetings more widely to journalists, while making annual reports more freely available. Att he same time companies are being forced to take steps to get their legally required information out more quickly.

The COB criticises Viniprix, the supermarket chain, for not having warned the public of the prospect of poor results for 1978 until the spring of 1979. According to the COB the deterioration in the company's position was evident by mid-1978.

Last year new guidelines were laid dowo for French companies making provisional forecasts. The main aim of these new rules is to force companies to give an account of their strategy and investment policy, together with a "prudent" evaluation of business activity and results. The COB says that it is up to companies how they want to present their forecasts but that once they have chosen their system they most remain consistent.

The COB argues that improvements in the presentation of accounts and in the workings of the Bourse are essential if the French financial market is to sustain its new found strength.

In presenting this report Mr. Jean Donnedieu de Vabres, the head of the COB, said that the commission had come out against the introduction of a detailed take-over code of the type developed in the City of London.

The COB has been exercised by a number of contested takeovers last year and has intervened on a number of occasions. It is thus building up a case law aimed at seeing that shareholders get a fair price in bid situations while allowing the market to continue operating. It prefers to watch the market closely and apply this developing case law itself, rather than issue a detailed code of conduct.

Total shows strong advance on year

By Our Paris Staff

THE TOTAL Group, France's largest oil concern, showed a net profit of FFr 2.45bn ($584m) last year compared with FFr 451m the year before.

This figure, which reflected improved operating results at Total's production subsidiaries and higher margins on refining and distribution, does not include a FFr 3.8bn profit stemming from the revaluation of stocks using the "first in first out" method.

The share of the parent company, Compagnie Francaise des Petroles (CFP), in the group's earnings was FFr 2.04bn. Cash flow rose to FFr 6.58bn, or FFr 10.38bn including stock revaluation, from FFr 3.33bn.

The group's turnover climbed to FFr 73.6bn from FFr 56.3bn despite a drop in the total volume sold from 82m tonnes to 75m.

Total, in which the French state has a blocking minority stake, said that the improvement in its results had enabled it to embark on a bigger investment programme, concentrating on exploration and adaptation of refining facilities. Investment last year totalled FFr 3.94bn, of which 55 per cent went on hydrocarbon exploration and production.

Beijerinvest to absorb Felix

BY OUR STOCKHOLM CORRESPONDENT

BEIJERINVEST, Sweden's fast-growing trading, industrial and investment group, has agreed in principle to take over Felix, the Swedish foods manufacturing subsidiary of Sir James Goldsmith's Générale Occidentale group, together with Felix's factory in Austria.

The agreement was reached during three days of negotiations in New York between Sir James and Beijerinvest's managing director, Mr. Anders Wall. The American company, General Foods, is also understood to have been interested in buying Felix. Mr. Wall said that the price would be disclosed in two weeks, when a detailed agreement had been concluded. But a guess at SKr 200m ($47.6m) would "not be far off."

Last month Générale Occidentale announced the impending sale of its Swedish and Austrian food operations when reporting large disposals in France and in the UK. The latter centred on the Bovril and Marmite businesses which were sold to the Beecham group.

Felix made pre-tax earnings of SKr 33m on a SKr 640m turnover in its Swedish operations last year. It has 1,360 employees in Sweden and about 400 at its Austrian factory. Beijerinvest recently reported 1979 earnings of SKr 411m, up from SKr 76m, after more than doubling its sales to SKr 15.11bn. Dividend is raised by SKr 1.50 to SKr 8 a share.

Mr. Wall said that his agreement with Sir James also provided for co-operation between Beijerinvest and General Occidentale, in other fields including oil prospecting in the U.S.

Scandinavian Trading, which is part of Beijerinvest, started to produce both oil and gas last year from wells in Texas owned by its American subsidiary, Scanoil. It also ordered an oil rig for offshore prospecting from the Dunkirk yard of Compagnie Francaise d-Enterprises Metalliques and took options on two more new rigs.

Beijerinvest already owns some food companies in Sweden, on which it made a profit of SKr 56m last year. With the acquisition Felix its food companies' combined sales will exceed SKr 1bn.

Automobiles Citroen hit by sharp downturn

BY OUR PARIS STAFF

AUTOMOBILES CITROEN is under considerable financial pressure this year as sales decline. Citroen itself anoounced only a few days' ago that it would be closing its plants for five days this May, following a two-day shutdown in early February.

The company pointed out yesterday that the fall in its 1979 result was exaggerated by FFr 341m of exceptional profits taken into the accounts in 1978 following the sale of a factory. On a comparable basis, this reduces the drop in profita to FFr 54m, or about 21 per cent.

All of this deterioration, however, was due to trading in the second half. Profits in the first half of the year at FFr 170m, showed a rise of 24 per cent compared with 1978, according to the provisional accounts.

Citroen said yesterday that the short fall in its second-half performance was due to increases io its general operating costs. Although the company would not elaborate on this, it is clear that competition started to get tighter in the French vehicle market towards the end of last year while companies began to feel the effects of carrying larger stocks.

cated that the Talbot car

Earlier this year, PSA indimanufacturing concern, the former Chrysler Europe, which now forms one of the production arms of the group, had run up losses in the region of FFr 580m in 1979.

The compaoy said that thia would reduce consolidated profits, which also include the results of the Peugeot car company, by around 15 per cent.

Citibank to open branch in Istanbul

By Metin Munir in Ankara

CITIBANK, one of tha world's biggest banks and Turkey's principal creditor, has received authorisation from the Turkish Government to open a branch in that country.

Citibank thus becomes the first foreign bank to take advantage of the Government's new foreign investbent guidelines which made it possible for foreign banks to open branches in Turkey. American Express is expected to make an official application soon.

Under the authorisation decree, Citibank will import $1m in capital which it could raise to $50m. The branch will be allowed to accept Turkish lira deposits, receive foreign currency resrves. It will comply with the banking law.

Citibank's branch will open in Istanbul where the bank already haa a representative office.

Ogem expects return to black

BY CHARLES BATCHELOR

OGEM, the Dutch trading, industrial and construction group, hopes to make a modest net profit this year after going into the red last year. The company will concentrate for two more years on reorganising its loss-making activities.

The improvement in the trading division, which accounts for more than half of Ogem's turnover, is expected to continue this year. The technical installation and building materials division expects to maintain profits although Stokbeton, a company which makes concrete building elements, will continue to make large losses.

The building division, the the only one to make an operating loss last year, expects to make a profit in 1980. The completion of a Fl 1.4bn ($700m) housing project in Damman in Saudi Arabia last year will lead to a sharp fall in foreign revenues.

Interest charges are expected to rise further this year while extraordinary costs will arise from restructuring costs and the completion of a number of property developments in Belgium.

Ogem hopes that by 1981 it will have completed the reorganisation begun three years ago.

Ogem aims to improve the ratio of assets to total investments to 50 per cent over the next two years from 38 per cent in 1979. It will dispose of activities which tie up capital but which are not essential to its operations.

It hopes to raise Fl355m ($177m) by cutting back on its project development activities, its capital-intensive foreign construction and installation work, by selling off minority holdings and reducing capital tied up in its foreign energy production interests.

While the Damman project was successful and profitable, Ogem intends to reduce the scale and the risks of overseas building work or else spread the risk over a consortium.

Ogem's operating profit fell 28 per cent to Fl62m in 1979 while net it made a loss of Fl23.7m compared with a profit of Fl32.8m in 1978. It paid no dividend in 1979 for the first time in more than a century. Turnover rose 39 per cent to Fl5bn.

Exports boost Casio's earnings

By Yoko Shibata in Tokyo

CASIO COMPUTER, one of Japan's main manufacturers of electronic calculators, had buoyant sales and earnings for the fiscal year ended in March because of a marked improvement in export profitability and large scale production.

Operating profits rose 38.4 per cent to Y8.6bn ($36m) from a year earlier and net profits rose 36.2 per cent to Y3.8bn. Sales gained 28 per cent to Y103.6bn boosted by a 23 per cent increase in calculator sales which accounted for 63.6 per cent of total sales, and a 49 per cent increase in compnter system sales, accounting for 9.7 per cent of total sales.

Exports jumped 40 per cent to contribute 58 per cent of overall sales. The yen's depreciation made a significant contribution to profits.

Casio produced 20m electronic calculators and 7m digital watches last year. Calculator production will be increased by 1m a month and watches by 500,000 a month when another Japanese factory opens thia year.

Exports of calculators and watches are expected to remain strong following a tie-up with K-Mart, a U.S. supermarket chain.

NATIONAL BANK OF AUSTRALASIA

Banking division leads growth

BY JAMES FORTH IN SYDNEY

THE NATIONAL Bank of Australasia has raised its interim dividend folowing an 8.2 per cent rise in profit, from A$33.7m to A$36.46m (U.S.$41m) in the half-year to March The banking division led the way with a 13.1 per cent boost in earnings to A$27.4m, offsetting the slower growth of the finance company offshoot, Custom Credit Corporation, which recently reported a profit, incerase of only 6.5 per cent to A$9.64m.

The revenue of the hank rose almost 21 per cent, from A$380m to A$460m, hut higher expenses cut into profit margins, The directors said that the growth in banking profits was mainly the result of increased income from higher voluma of bnsiness, which was partly offset by narrowing interest rate margins and an increase in the costs of operation.

Profits of the group will be maintained in the second half, the directors expect. The result came with a jump in interest payment from A$167m to A$220m, reflecting a rise in rates paid by the bank for its horrowings.

The interim dividend has heen increased from 8 cents a share to 8.5 cents, and is covarad by earnings of 24.5 cents on capital increased last year by a one-for-five scrip issua. The national paid a final of 8 cents last year.

* * *

ESANDA, the finance arm of the ANZ banking gronp, has turned in the hest growth of the financier houses to report so far, with a 17 per cent boost in earnings for the March half, from A$12.8m to A$15.0m. The Esanda directors said that competition resulted in a narrowing of the margin hetween the average earnings rate on nntstandings and the average rate paid on borrowed funds.

Operating expenses also increased at a faster rate than operating income. At March 31, net outstandings totalled A$1.5bn, for an increase of 20 per cent on the A$1.2bn of a year earlier. Unearned income rose from A$309m to A$359m.

Mitsui revives bond issue plan

BY RICHARD C. HANSON IN TOKYO

MITSUI AND CO has revived plans to issua Y40bn ($168m) of six-year non-mortgaged convertible honds to help reduce its over-borrowing from its main bank, Mitsui Bank. The issua will be the first unsecured convertible bond to he floated by a trading company, offering only a "general ohligatioo" to pay to investors, rather than collateral.

To compensate, the iasua will carry a premium over par value at redamption into aharas, the second snch convertible bond issued in Japan.

The issue is scheduled for June, having heen postponed about three months ago because of troubles in Iran. Mitsui's share price fell because o potential iosses from its heavy involvement in a multihillon-dollar petrochemical project at Bandar Khomeini.

The Iran risk is the major reason for adding the dedemption premium, a device used last year in floating convertible bonds for an oil company involved in exploration in the waters between South Korea and Japan.

Mitsui is raising funds to cover the repayments to Mitsui Bank under a recent regulation limiting the amouot a hank may lend to a single company. Mitsui Bank is violating the Ministry of Finance ruling. The trading company has heen raising funds, partly by way of medium-term loans from overseas to replace these borrowings.

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THE OUTSTANDING balance of yen certificates of deposit (CD) issued by Japanese and foreign banks in Tokyo increased sharply to Y2,240bn ($9.4hn) early this month from Y1,530hn at tha end of March, aecurity industry members said. Reuter reports from Tokyo.

Interest rates for three-month CDs have firmed to about 13.5 per cent from 12.5 per cent in early April because of strong demand for CD from corporations with surplus funds, they said.

Japanese city hanks are helieved to have nearly reached limits for outstanding balances of thair CD issues totalling an estimated Y1,300hn or 30 per cent of the banks' comhined share capitals and reserves.

Regional banks, mntual financing and savings hanks and long-term credit banks are bellieved to have leeway for more CD issnes.

The increase in ontstanding halance of CD issues has been caused mainly by domestic Japanese investors, hecause foreign investors, including the central banks of Arab oil-producing nations, are more interested in free yen—Japanese currency held by foreigners in Japan.

Free yen deposit rates for foreign central banks and public bodies were freed from official control under the yen-defence package announced on March 2.

Recovery at Pretoria Portland

By Our Johannesburg Correspondent

PRETORIA PORTLAND Cement (PPC), one of South Africa's largest cement and lime producers, is recovering from the lean years of low housing and construction starts and lost export sales. During the six months to March 31, pre-tax profit rose 20.6 per cent to R19.46m ($24.3m) from R16.13m a year earlier. Turnover rose 21.2 per cent to R77.4m from R63.9m.

The company has declared an interim dividend of 14 cents against 11 cents in fiscal 1979.

Although domestic demand for cement has increased, PPC's cement plants only operated at about 70 per cent of capacity and contributed 47 per cent of the group's distributable profit. Lime operations, on the nther hand, which nperated at full capacity contributed 42 per cent of distribntable profits, with investment income weighing in with the remaining 11 per cent.

Management is optimistic that demand for cement and lime will continue to rise with increasing building and constnuction activity.

Annual cement sales are 3m tonnes and a further 500,000 tonnes nf capacity is scheduled to come on stream in September. Annual lime production capacity is to be increased to 1.75m tonnes this year, while plans for a further lime kiln have just been approved by the board.

ICS lifts dividends as profit beats expectations

BY JIM JONES IN JOHANNESBURG

IMPERIAL COLD STORAGE (ICS), the South African processor and distributor of perishable foods, came through the year to February 29 in better shape than was predicted by the management a year ago. Pre-tax profit rose 24 per cent to R23,8m ($29.7m), from R19,2m), while turnover increased 17,3 per cent to R588m ($735m), from R501m.

The prohlem of rising distrihution costs, however, is still a matter of concern to the management. This opening of new meat distribution centres and packing plants in Johannesburg and Cape Town, which are performaing well. Rationalisation of operations in Natal is, to all intents and purposes, complete.

Dividends totalling 16 cents, compared with 14.5 cents, have been declared from earnings per share of 55 cents, against 43 cents. Trading in the shares remains suspended in Johannesburg pending the nutcome of discussions nn rationalisation of the food interests of South Africa's largest life assurer, The Old Mntual.

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AMALGAMATED RETAIL (Amrel), the 60.5 per cent-owned subsidiary of South African Breweries, and s retailer of furniture, domestic appliances and shoes, increased its turnover hy 65 per cent to R126.6m in the year to March 31, from R76.7m in 1978-79. Hnwever, the latest figures are not directly comparable with the previous, because of the acqnisition of shoe interests in April, 1979 from South African Breweries in exchange for 1.1m Amrel shares.

Furniture sales rose 27 per cent to R97.25m from R76.74m, while shoe sales brought in an initial R29.4m.

At the pre-tax level, income was 115 per cent ahead at R14.7m, against R6.85m.

The board expresses satisfaction with the results, saying that several factors contributed to the growth. Market share had heen increased in the furniture sector, store sitings were better, operational controls had improved, while the shoe division had been fully integrated and had reported higher than expected profits. In addition, the management expects tha company tn benefit more than most others from the recent boost to consumer spending offered hy the recent South African Budget. During the current financial year, therefore, results were expected to show a further improvement

AUSTRALIAN TYRE INDUSTRY

Dunlop makes offer for Olympic

BY JAMES FORTH IN SYDNEY

DUNLOP AUSTRALIA has launched a A$69m (US$77.5m) takeover bid for its rival, Olympic Consolidated Industries which, if successful, would create Australia's dominant tyre manufacturer. The bid comes only weeks after a 31 per cent apparently controlling stake in Olympic was broken up and placed on behalf of the Olympic Board with institutions in an attempt to protect the group from takeover.

At least two parties besides Dunlop have been buying Olympic shares in the market recently, and one of tha parties made an offer for the parcel which was pleced with the institutions. If successful Dunlop, which is 10.3 per cent owned by Dunlop International of the UK, would rank as the largest manufacturing amalgamation in Australia's history

But the Olympic Board intends to fight, and described tha offer terms as "quite inadequate and unrealistic." They said that a detailed evaluation of Olympic would be made.

Dunlop is offering A$1.20 cash for each Olympic share or convertible note. There is an alternative offer of one Dunlop share plus 55 cents for each Olympic share or convertible note. Dunlop shares sold at 78 cents yesterday valuing the shareand cash mix at A$1.33.

Olympic shares sold yesterday at A$1.00. A combined group would command about 35 per cent to 40 per cent of the Australian tyre market. Dunlop has received legal opinion that this would not contravene the Trade Practices Act. Talks have already heen held with Mr. R. Bannerman, the chairman of the Trade Practices Commission, the Minister for Industry and Commerca, and the Mr. V. Garland, the Minister for Business and Consumer Affairs.

The tyre industry in recent years has ben plagued by overcapacity and a declining market. Dunlop believes that its proposal is in line with the Industries Assistance Commission's policy for rationaliation. It is thought necessary because tariffs on imported tyres are due by 1982 to drop from 40 per cent to 25 per cent. It is the first major takeover move by Dunlop Australia since a spate of takeovers in the sixties which took the group heavily into textiles.

Over the past eight years Dunlop has undergone reconstruction and rationalisation, including a capital return. Its major activities are in the manufacture of tyre and automative products, textiles clothing and footwear and general industrial products.

Olympic is a manufacturer of tyres, cables and general industrial products. Dunlop considers the operations of the group to ha complementary. It would retain all Olympic'e activities and brands, and would maintain its existing retail networks. Dunlop directors last night announced an increase in the final dividend from 3.5 cents a share to 4 cents, establishing an annual rate of 8 cents, and said that pre-tax earnings for the first nine montha of the current year rose 18 per cent.

The Dunlop bid comes only weeks after the Melbourne sharebroker A. C. Goode and Co. placed a 31 per cent stake in Olympic held by the family of the late Melbourne businessman, Mr. Bernis Hendel, at 91 cents a share, or 42 cents below the Dunlop share and cash bid. The Hendel parcel was placed on behalf of the Olympic board which had a pre-temptiva right to try to place the shares at the same price offered by another party.

A bid was made by a party other than Dunlop but the broker placed the shares widely with institutions, which could not sell any of the placement until May 1. Mr. Hendel acquired control late in 1978, and soon afterwards became chief executive, but died before he could implement many of his plans for the group.

The family soon put the parcel up for sale, but wanted at least 85 cents a ehare. At the time tha shares were selling for less than 70 cents. It was only in March that the family was able to obtain its selling price. Since then, Dunlop has decided that the outlook had improved sufficiently to justify its takeover offer.

Mitsui raises stake in grain dealer

By Yoko Shibata in Tokyo

MITSUI, a major Japanese trading house, has raised its stake in International Coro Company, an Antwerp-based grain dealer, to a 50.5 per cent controlling interest. It had acquired a 9.9 per cent interest in 1978 when they set up a small joint venture grain sales company.

Mitsui said it will use International Corn's experience, particularly in sales tactics involving grain import surcharges, for grain marketing in Europe. The terms were not disclosed.

The Japanese company has heen placing an increasing emphasis on grain transactions in recent years. In 1978 it was the first major Japanese trading company to enter the U.S. grain elevator industry with the purchase of several large inland grain elevators and the acquisition of the leasing rights for a coastal elevator near New Orleans.

Mitsui's U.S. grain sales reachad 12.5m tons last year, accountin gfor 50 per cent of Japan's grain imports.

* * *

FUJI BANK, a major Japanese commercial bank, said yesterday it bas taken over Eurocapital SA, a Luxembourg-based finance company, from an affiliate of Union Bank of Switzerland, AP-DJ reports from Tokyo.

Fuji said the arrangements for the takeover of Eurocapital from Banque Cantrade Armond Burrus SA were completed recently. Details were not given.

The name of the finance company bas been changed to Fuji International Finance Luxembourg SA and its capital has been raised from $350,000 at the time of the acquisition to $1m.

General Motors reduces dividend as sales slump

BY IAN HARGREAVES IN NEW YORK

GENERAL MOTORS has redoced its quarterly dividend to 60 cents a sare as U.S. car sales fall towards their worst levels since 1975. The leading U.S. car maker said it might lose money this quarter.

A regular dividend of $1.15 has heen paid since the second quarter of 1979. In the previous six quarters the dividend was $1.

The cut, which mirrors GM's action at the low point of the 1975 slump, surprised analysts. In an otherwise level Wall Street market it produced a $2.50 drop in GM's share price tn $42⅞ yesterday morning.

The dividend and profits forecast were announced on Monday evening, as it became clear that even importers of small, fuel-efficient cars—which have done well in the U.S. in the last year—have started to suffer from the decline in the U.S. economy.

Sales of imports and domestic models in April were down 27 per cent from April last year, with a 27 per cent decline at GM and 41 per cent at both Ford and Chrysler.

Although imports maintained their record market share of more than 27 per cent, Toyota suffered a 10 per cent fall in the April to April volume comparison. Honda was down more than 17 per cent.

GM, traditionally one of the most optimistic voices of corporate America, said it expected the economy and its own fortunes to turn around "in the latter part of the year."

Mr. Thomas Murphy, chairman, and Mr. Elliot Estes, president of GM, said high interest rates, a slowing economy, and concern about the price and availability of fuel had made it "questionable whether the corporation will remain profitable in the current calendar quarter." GM has not made a quarterly loss since 1970.

In May last year GM paid a 50 cents a share special dividend—a bonus paid intermittently in good times since the 1920s. This means that in the current quarter shareholders will receive just over one-third of the sum paid at the same point last year.

In 1975 and the first half of 1976 the regular dividend was cut from its then established level of 80 cents to 60 cents a share.

INTERNATIONAL CAPITAL MARKETS

Slowdown in syndicated credits

BY PETER MONTAGNON

CONDITIONS FOR horrowers in the syndicated credit market tightened slightly in the first quarter of 1980, according to latest statistics from the Organisation for Economic Co-operation and Development (OECD). The average maturity of new credits slipped to eight year 11 months from nine year and three months in the previous quarter, while the average spread rose to 0.70 per cent from 0.64 per cent.

The tightening did not affect the prime rated industrial the best spreads obtained did not hudge from the low level of ⅜-½ per cent. For OECD countries as a group the average spread was 0.62 per cent compared with 0.49 per cent in the final 1979 quarter, while for other countries excluding Comecon aod China spreads rose to an average 0.78 from 0.74.

The OECD's financial market trends confirmed figures wrom commercial hanks in past weeks which pointed to a significant drop in activity during the quarter. It says new credits ran at an annual rate of $57.6bn compared with $78.2bn for the while of 1979.

OECD countries took $6.4bn from the market in the first quarter compared with $28.6bn in all of 1979. Members of the Organisation of Petroleum Exporting Countries took $900m compared with $8.6bn, non-oil developing countries $6.4bn against $32.8bn and centrally planned economies $700m against $7.7bn.

The OECD added that total external bond issues ran at an annual rate of $29.1bn during the first quarer compared with a 1979 total of $37.3bn. This brought overall borrowing in international capital markets to an annual rate of $86.7bn in the quarter compared with $115.6bn last year.

OECD countries raised their market share to 59 per cent from 48 per cent of the total, while that of non-oil developing countries was little changed at 32 per cent against 31 per cent. By contrast there was a distinct fall-off in demand from OPEC members and Comecon, the figures show.

● John Wicks adds from Zurich: Approved foreign Swiss franc borrowing showed a sharp decline in the first quarter, according to provisional figures released by the Swiss National Bank, the sum of SwFr 5.92bn $3.52bn) compared with SwFr 10.17bn ($6.05bn) in the corresponding three months of 1979, was, however, considerably higher than the SwFr 4.67bn ($2.78bn) reported for the final quarter of last year.

Record income at AMP

By James Forth in Sydney

THE AUSTRALIAN Mutual Provident Society, Australia's largest life office, posted record income of A$1.24bn (U.S.$ 1.4bn)) in 1979. Investment income rose 13.5 per cent to A$463m while returns from freehold and leasehold property totalled A$97m, the AMP's annual report showed.

AMP expects to have about A$60m available for investment in 1980, only 1.5 per cent more than the A$749m invested in 1979.

The AMP will also push further into natural resources, with more investment in the proposed Pechiney aluminium smelter in New South Wales and investments in "three or four" coal projects.

JVC doubles year's earnings

BY RICHARD C. HANSON IN TOKYO

VICTOR COMPANY of Japan (JVC), which recently entered an agreement with Thorn-EMI to co-operate on developing a bome video disc system, reported yesterday that its net profits more than doubled to Y7.9bn ($33m) in the fiscal year to March 20, from Y3.84bn the previous year.

The surge to a record profit was led hy the hoom in sales of home video tape recorders, the VHS system which JVC developed four years ago, in Japan and overseas. VTR equipment accounted for 43.4 per cent of all sales (compared with 35.2 per cent a year earlier), a gain of 67.2 per cent, and about 60 per cent of last year's profits.

JVC is hoping to repeat the success of the bome video tape system with its own version of a home video disc system (VHD), which it plans to introduce commercially sometima in 1981 to compete with systems developed by Philips of the Netherlands and RCA in the U.S. This year, JVC will spend ahout Y7bn on new production facilities and development of the VHD; compared with development costs so far of around Y6bn. The company overall is increasing capital spending to around Y25bn this year from Y10bn last year (half of which is video tape recorder related in both years).

Overall sales last year were up by 35.6 per cent to Y254bn ($1:1bn) also a new high. The most significant expansion in revenue, bowever, came from sales of VTRs overseas, particularly in Europe, Exports, the biggest part of which were VTRs, rose 63 per cent, and accounter for 55 per cent of all sales. Only five years ago, wben JVC was recovering from a prolonged slump in progts in part related to the development costs of the VHS, exports acounted for only 20 per cent of sales.

JVC is currently producing about 75,000 VTRs a month, but is preparing plans to lift that figure to around 100,000 units. Last year, JVC produced about 25 per cent of all the VTRs made in Japan, surpassed only by Matsushita Electric Industrial, which owns 50.2 per cent of JVC and adopted the VHS system, and Sony, with its rival Betamax system.

For all its success in developing the technology fr the VHS system, JVC remains little known abroad compared with the giants of the Japanese electronics industry. Tha management, bowever, has set the improving of its image overseas as a top priority.

Sales and income up at Nampak

By Jim Jones in Johannesburg

NAMPAK, South Africa's largest packaging group, controlled by Barlow Rand through C. G. Smith and Co., bas announced a 36.9 per cent rise in pre-tax income for the six months to March 31, to R26.9m ($33.6m), from R19.7m in the sama period the previous year.

Turnover rose by 34 per cent to R154.9m ($194m). In the whole of the 1978-79 financial year, pre-tax profit was R42.8m and turnover R240m.

The group has benefited from rationalisation of operations, steadily increasing demand for packaging products and, to a lesser extent, from its acquisition of an effective 34 per cent interest in Premier Paper, tha tissue manufacturer. Even so, competition is increasing with competitors recently entering the multi-walled paper sack market.

However, the management is confident of continued market growth and is planning to spend some R25m on further rationalisation and modernisation of its operations to maintain its lead position in its markets.

An interim dividend of 21 cents has been declared, against 18 cents a year earlier, from first-half earnings per shareof 57 cents, compared with 43.8 cents.

Bertelsmann takes over Bantam Books

By Jonathan Carr in Bonn

BERTELSMANN, tbe West German media group with an annual turnover of about DM 4bn ($2.23bn) proposes to raise its stake in the New York-based publishing company Bantam Books from 51 per cent to 100 per cent from July 1.

Bertelsmann will thus gain full control of a company with annual sales of around $100m (DM 180m) and a big sbare of the U.S. paperback market. Bantam in turn has strong interests in Britain through its holding Transworld Publications, which produces the Corgi books.

Bertelsmann said that the deal had been agreed with Instituto Finanziario Industriale (IFI International) of Luxembourg, the international financial bolding company of the Italian Agnelli family. No formal accord had yet been signed.

Simultaneously, Bertelsmann was disposing of its 30 per cent stake in Fahri Editori, the Italian publishing group, to IFI, Turin, the Agnelli's national holding interest. No figure was named for either deal.

Bertelsmann acquired both its 51 per cent stake in Bantam and its 30 per cent holding in Fabbri from IFI in 1977.

Strong quarterly sales at Bayer

BY KEVIN DONE IN FRANKFURT

BAYER, one of the "big three" West German cbemicals companies, has made a strong start to tbe year, boosting its sales worldwide by 23.4 per cent in the first quarter to DM 7.56bn ($4.22bn)

The pre-tax profits of the parent company—no gfiures are yet available for the group worldwide—rose in the quarter by 34.6 per cent to DM 276m compared with DM 205m in the first three months of 1979.

Bayer said that the aales increase was caused in about equal measure by higher volume sales and hy higher prices. A series of price increases were introduced at the beginning of the year, but according to Professor Herbert Grünewald, the chief executive of the group, the price rises are still insufficient to cover the rapid increase in the costs of raw materials, particularly oil-based feedstocks, and of energy.

The biggest sales hoost for tbe parent company bas come from foreign sales, which showed a rise in the first quarter of 20.5 per cent to DM 2.18bn, while sales in the domestic market rose by 15.4 per cent to DM 1.3bn. Total parent company sales in the first quarter were up by 18.5 per cent to DM 3.5bn.

Despite the strong start to the current year Professor Grünewald said the group was stocking to its cautious forecast of an increase of some 8 per cent for the wbole of the year. About three-quarters of the rise would be accounted for by higher prices and the remaining quarter by the bigger volume of sales.

Last year the Bayer group boosted its world sales by 13.9 per cent to DM 26bn, while its pre-tax profits rose by 7.7 per cent to DM 1.338bn. Some 65 per cent of group turnover was in Europe and 15 per cent in North America.

Bayer presently bas a 1.2 per cent share of the U.S. market, its main target for group investment overseas, and it is hoping to donbla this in the next six years. Its sales last year in the U.S. rose by 18 per cent measured in U.S. dollars but only by 8 per cent when translated into Deutsche Marks.

Sales increases were shown in all of Bayer's major product areas, but it still operated last year at a loss in the textile fibres sector, although the deficit was reduced from some DM 100m in 1978 to about DM 70m last year.

Agfa-Gevaert plan agreed

BY OUR FRANKFURT CORRESPONDENT:

THE WEST GERMAN Federal Cartel Office has given the go-ahead to Bayer, one of the leading West German chemicals groups, to increase its shareholding in Agfa-Gavaert, the Gemran-Belgian photographic products group, from 50 to 60 per cent. It is widely expected that Bayer will take full 100 per cent control of Agfa-Gevaert during the next two and a balf years.

As part of the financial preparations for this deal Bayer will propose to its shareholders at the annual meeting next month that authorised capital of DM 400m ($223.46m) sbould be created to alow it to make an appropriate right issue when market conditions are favourable.

The timing conditions and amount of the necessary transactions were still completely open.

Bayer is prepared to pay a total of DM725m for the takeover of the 50 per cent of Agfa-Gevaert, which until this year was in the hands of the Belgian company Gevaert Photo Producten.

Agfa-Gevaert ran into serious financial troubles in the last quarter of 1979, largely as a result of the dramatic rise in silver prices and made a loss in 1979 of DM115.9m.

$350m Portugal Eurocredit

BY JIMMY BURNS IN LISBON

PORTUGAL IS to raise a $350m Eurocredit from a group of international banks, officials here have confirmed. The loan will be used to help finance Portugal's current account deficit which the Government has forecast will reach $800m in 1980.

This represents a considerable deterioration in Portugal's external position over last year when, according to figures released yesterday by the Bank of Portugal, a current account surplus of $150m was achieved. The payments balance this year is likely to be adversely affected both hy higher oil prices and by Portugal's push for growth with real CDP rising 3.6 per cent against 2 per cent last year.

Portugal's last major excursion into the Euromarkets was last July when a $300m syndicated loan was arranged. The loan was for ten years with a grace period of five years and carried split margins of ⅞ per cent for the first eight years and ¾ per cent for the last two years.

This time Portugal is pressing for rates of ⅝ per cent as opposed to the spread of ¾ which international bankers would like to see.

The initiative appears to have come from the banks themselves rather than Portugal. In a change of strategy the negotiations seem to be very much under the control of the Ministry of Finance rather than the Bank of Portugal.

This underlines the intention of Sr. Anibal Cavaco, Finance Minister, to centralise major financial decisions and curb the virtually autonomous powers which the central bank acquired during its negotiations with the International Monetary Fund during 1978.

Eurodollar outflow hit First Pennsylvania

BY DAVID LASCELLES IN NEW YORK

FIRST PENNSYLVANIA, the ailing Philadelphia bank which underwent a $1.5bn rescue last week, suffered a Eurodollar outflow of more than $300m just before the crisis. But the hank is keen to recover its former standing in the Eurodollar markets.

Mr. George Butler, the bank's chairman, said yesterday that First Pennsylvania had more than $2bn in Eurodollars in the early part of this year, but in the six to seven weeks before the rescue package was announced, this fell to $1.7bn, mainly hecause of the rumours of failure and merger swirling through the hanking industry.

Mr. Butler called this outflow "an erosion and not a flood." At their peak, the Eurodollar holdings represented just over 20 per cent of the bank's assets. Mr. Butler denied that the bank's well-publicised problems had ever obliged it to pay a premium for funds in the Eurodollar market.

Mr. Butler also implied that this outflow was one of the severest suffered by the bank.

Mr. Butler said he was confident the rescue would enable the bank to sort out its financial problems, many of which would be solved of their own accord as mismatched securities in its portfolio matured.

Au Printemps buys stake in shopping chain

By Our Paris Staff

THE AU PRINTEMPS department store group bas taken a further step towards consolidating its position in France hy buying a 40 per cent stake in a shopping chain controlled by a menswear company, Armand Thiery et Sigrand.

The store company, Somats, has a network of 60 shops and bad sales last year of around FFr 400m (about $100m). The deal, for an undisclosed sum, may lead to a larger shareholding by Au Printemps, the companies said.

In the supermarket sector, Au Printemps recently increased its stake in the Viniprix group from 8 per cent to 18.5 per cent. Viniprix, besides running its own shops, has the principal shareholding in the Euromarche group, in which Au Printemps already bas a 25 per cent stake.

Kuwait buys 10% of Metallgesellschaft

BY OUR FRANKFURT CORRESPONDENT

KUWAIT HAS increased its shareholding interests in major West German industrial companies witb the acquisition of a 10 per cent interest in Metallgesellschaft, the Frankfurt-based metals, process plant engineering and transport group.

The interest has been bought from the Swiss holding company Schweizerische Gesellschaft fur Metallwerte, which has for some time been seeking a buyer for its 16.46 per cent interest in the West Germany company.

Metallgesellschaft has current market worth of some DM 1.135bn and the Kuwaiti acquisition, made some days ago, is understood to bave been arranged at around the market price, putting a value of some DM 113.5m ($63.3m) on the transaction.

Kuwait bas been one of the most active of the oil-exporting states in acquiring assets in West German manufacturing industry and in recent years

Metallgesellscbaft, which last year had total world sales of some DM 8.6bn, said yesterday that it welcomed the interest taken by Kuwait, which offered interesting possihilities for future co-operation.

The group includes Lurgi, the process plant engineering concern, which could well hope to win future orders in Kuwait for large-scale oil and gas process plant.

Acquisitions boost Thomson Brandt

By David White in Paris

THOMSON-BRANDT, the French electrical, telecommunications and armaments group, lifted its consolidated nat earnings last year to FFr 460m ($108.74m) from FFr 390m, according to provisional figures.

Sales, including for the first time Nordmende, the West German television subsidiary, and the Thomson-Ericsson telephone equipment company, rose by 31 per cent to just over FFr 30bn. On a comparable hasis, the rise was 19 per cent.

This year's increase, on the same basis, is expected to be 14 per cent.

SIEMENS IN THE U.S.

A first foot in the door

BY IAN HARGREAVES IN NEW YORK

"PERHAPS," said a rather tired looking Mr. Werner Zieler, "we shall have a phase of consolidation coming soon."

Mr. Zieler, the career Siemens' executive now responsible for running the German engineering firm's U.S. activities, can be forgiven for what ha himself acknowledges to be not much more than a piece of wishful thinking. For Siemens, having over six companies in the last eight months, shows no sign of losing its appetite for pieces of American high technology.

Tha cost of the six acquisitions—$100m—and their combined sales—$200m—may be of little significance in the scale of Siemens's worldwide turnover of over $16bn. But the speed of the acquisitions and their character is continuing evidence of the German company's datermination, aided by a favourable dollar-DM relationship, to nourish its product development roots, whatever the considerable costs of management indigestion.

Indigestion there is bound to be. Not only because all new acquisitions arrive with different accounting and personnel procedures, but because, at the same time as it is gobbling up small businesses, Siemens is also busily expanding its Florida telecommunications factory, its Connecticut medical systems plant and its New Jersey telephone and telex manufacturing centre. It is also building an electronic component factory in Mexico and fighting, so far successfully, a Justice Department attempt to block its takeover of the diagnostic equipment division of C. D. Searle, the U.S. drug and medical equipment company.

Nor are the new members of the Siemens family likely to be quiet children. Mr. Peter Cohen, 42, presideot of Databit, the company he started ten years ago to supply electronic parts to the manufacturers of telex systems, and which has grown at an average rate of over 40 per cent each year since then, remaining profitable each year, does not have the look of a man who could easily fit the style of the faceless multinational.

Nor does Mr. Ronald Rosenzweig, who pickad up experience with RCA's solid state division and Clevite Transistor, before creating Microwave Semiconductor Corporation in 1968. Mr. Bill Prior, the head of Aerotron, did not found the company. But after posts with six other companies, he took it over in 1971, since when its sales bave grown twelvefold.

In spite of the rather obvious incongruity of style between the corporate hattledress of the 130 year old Siemens Group and the louder ties and laboratory manner of some of the heads of these new subsidiaries, the new men clearly enjoy the confidence of their new masters, having ben—somewhat unusually—wheeled out for the inspection of the press at Siemens' annual press meeting in New York this week.

Indeed Mr. Zieler insists that Siemens remains a collection of companies rather tban a conglomerate with a single set of policies. Certainly it is noteworthy that of the 17 subsidiaries and joint ventures which form part of Siemens in the U.S., only three have taken the name Siemens into their title.

The aggregate figures show that Siemens now has sales in the U.S. of $408m, and the total will exceed $500m this year, in spite of the downturn in the U.S. economy and the stagnant nature of the medical equipment market which forms an important part of the company's activities.

At this stage, it is easier to note landmarks than to describe the pattern of Siemen's progress. One such pointer is the company's first foot into the door of the Pentagon, whose programmes have been of such critical importance for U.S. high technology industry, through the acquisition of Microwave Semiconductor. Another is a recently unveiled car engine testing device, developed on site at the company's New Jersey facility.

At this stage all of these activities—whether they be in microprocessors, telecommunications or medical equipment—are mere nibbles into tbe home territories of ITT, IBM and others.

But they are nibbles which, if Siemens can co-ordinata ratber than frustrate the inventiveness of its new partners, could easily become the most rapidly growing part of what is already the world's fifth largest electronics company in the world.

US COMPANIES ACQUIRED IN LAST YEAR

MICROWAVE SEMICONDUCTOR CORP. Sales $15m. Activities: Makes microwave transistors. Based New Jersey.

DATABIT. Makes microprocessors for communications industry. Based Long Island. Sales $19.8m.

AEROTRON. Makes two-way radio and telephone equipment. Sales $11.7m. Based North Carolina.

SITRONIX. Was part of FMC in Colorado. Makes power semiconductors. Sales $15m.

SUPERIOR CABLE. Makes telephone cables, cords and lift cables. Based North Carolina. $90.6m.

CRYSTAL TECHNOLOGY. Makes electronic filters for electroopstics industry. Based California. Sales data not available.

Sales figures are for last full recorded year

Siemens earnings, Page 38

SOUTH AFRICAN BREWERIES

Profit rise reflects upturn in economy

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICAN Breweries, the country's second largest industrial group, bas turned in a 35 per cent increase in post-tax profits, to R99.8m ($124.7m), in the year to March 31 from R73.9 the previous year, reflecting tbe upturn in the South African economy.

Following a string of dramatically improved results from its major subsidiaries in retail and hotels, the parent company's results may disappoint the market, but they are nevertheless nearly double the rate of increase in private consumer spending.

With well-diversified interests in liquor, retail and hotels, SAB hoosted its turnover to R1.77bn ($2.2bn3, from R1.37bn, a 29.7 per cent increase. Earnings per share were up more than 30 per cent at 33.5 cents, against 25.7 cents, and the final dividend was fixed at 12.5 cents, compared with 9 cents, to give a total of 18.5 cents, aginst 12 cents, for a 37.5 per cent incerase.

Results from major subsidiarles in recent days included the 89 per cent owned Southern Sun hotel group, which returned a 43 per cent increase in turnover.

The company contrasts its earnings rise with an increase in consumer spending of 17 per cent during the year. Diversified interests sbowed a much sharper rise in earnings—73 per cent—than the 27 per cent rise attributable to the beer and liquor divisions.

The resolving of tha beer sales war between SAB and the Rembrandt group in January—when SAB was given an effective beer monopoly, while its wine interests were hived off to the newly formed Cape Wines—should help that side of the business in the coming year. The company said that profits in those divisions "were affected by certain non-recurring expenditure and the full benefits of rationalisation should materialise in tha ensuing year."

It says that the buoyancy in the South African economy sbould continue througbout 1980 and well into 1981. "This augurs well for the consumer goods orientation of the group

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar steady

THE DOLLAR moved within a narrow range in quiet foreign exchange trading yesterday, and finished around the best level of the day against several currencies, including the D-mark. The U.S. unit rose to DM 1.7930 from DM 1.7855 against the D-mark, and to SwFr 1.6610 from SwFr 1.6490 against the Swiss franc.

The Japanese yen weakened in late trading, on renewed fears about oil supplies, following news from the Organisation of Petroleum Exporting Countries meeting in Saudi Arabia that output will not be raised to make up for lost Iranian exports. The dollar touched a peak of Y234 following the announcement, and finished at Y233.50, compared with Y231.75 previously. Its trade-weighted index, as calculated by the Bank of England, rose to 85.9 from 85.7.

Sterling's index, on Bank of England figures, rose to 73.3 from 73.0, after standing at 73.2 at noon and in the morning. The pound rose 38 points against the dollar, to close at $2.2853-2.2863. It opened at $2.2865-2.2875, and traded within a narrow range of $2.2820-2.2880 throughout.

D-MARK—Showing renewed strength against the dollar and within the European Monetary System, following firmer interest rates in Frankfurt and a decline in U.S. rates—The D-mark showed mixed changes in quiet, cautious trading in Frankfurt. The dollar fell to DM 1.7927 from DM 1.7850 at the fixing, and the Bundesbank did not intervene. A slight firming of Euro-dollar rates combined with an easier trend in Euro mark rates help the U.S. currency, although the market remained nervous ahead of the release of the U.S. consumer price index today, and the outcome of the OPEC meeting in Saudi Arabia. Sterling was fixed at DM 4.0950 compared with DM 4.0830, and the Swiss franc at DM 1.0800 compared with DM 1.0822. The French franc, firmest member of the EMS, declined to DM 42.69 per 100 francs from DM 42.73.

ITALIAN LIRA — Erratic within EMS, and falling to bottom of the system in recent weeks, after rising to the top during February — The lira declined against the dollar, sterling and eht Japanese yen at the Milan fixing, but improved against most members of the EMS. The dollar was fixed at L844.80, compared with L841.05, and sterling at L1,930.30 against L1,924.65. The Irish punt rose to L1,752 from L1,743.50, but other EMS currencies lost ground, with the D-mark easing to L471.43 from L471.59, and the French franc to L201.17 from L201.50.

FRENCH FRANC — Strongest member of the EMS for most of this year and firm against other currencies—The franc tended to weaken at yesterday's Paris fixing. The dollar, sterling and Japanese yen were all firmer, although the Swiss franc lost grounw. Within the EMS the D-mark, Danish krone, Italian lira, Dutch guilder and Irish punt improved, but the Belgian franc declined.

JAPANESE YEN—Energy and balance payments problems reflected in sharp decline last year, and heavy central bank support. Although fears continue about oil supplies from the Middle East, easier U.S. interest rates have helped the yen recover—The yen lost ground against the dollar in active trading in the Tokyo market yesterday. The U.S. currency closed at Y232.65, compared with Y230.90 on Wednesday. The dollar opened at Y231.30, and touched a peak of Y232.80.

THE POUND SPOT AND FORWARD

May 9	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2820-2.2880	2.2853-2.2863	1.33-1.23c pm	6.72	3.13-3.03 pm	5.39
Canada	2.6950-2.7080	2.6960-2.6980	0.70-0.60c pm	2.89	2.00-1.90 pm	2.89
Nethlnd.	4.51½-4.54	4.52¼-4.53¼	3-2c pm	6.63	6¼-5¼ pm	6.52
Belgium	65.80-66.20	66.05-66.15	14-4c pm	1.63	17-7 pm	0.73
Denmark	12.85-12.88	12.86½-12.87½	1¼-3¼ore dis	−2.33	4¾-6¾ dis	−1.79
Ireland	1.1010-1.1040	1.1020-1.1030	0.07-0.02p pm	0.49	1.20-1.10 pm	4.17
W. Ger.	4.08½-4.10½	4.09¼-4.10¼	3¼-2¼pf pm	8.05	7½-6¼ pm	7.08
Portugal	112.00-113.00	112.20-112.70	20c pm-30 dis	−0.53	10pm-110dis	−1.78
Spain	161.90-162.70	162.00-162.20	75-150c dis	−8.33	175-235 dis	−5.06
Italy	1,924-1,933	1,930½-1,932½	4½-2½lira pm	2.17	3½-1¼ pm	0.57
Norway	11.24-11.27	11.25½-11.26½	5¼-3¼ore pm	4.46	13¼-11¼ pm	4.31
France	6.58-9.61	9.59¼-9.60¼	4¾-3¼c pm	5.31	10¼-9¼ pm	4.08
Sweden	9.61½-9.66½	9.63½-9.64½	3⅞-2¼ore pm	3.89	9-8 pm	3.53
Japan	528-535	533-534	2.50-2.10y pm	5.17	6.55-6.15 pm	4.76
Austria	29.10-29.30	29.22-29.27	22-16gro pm	7.80	53-43 pm	6.56
Switz	3.77¼-3.81	3.79-3.80	4¼-3⅛c pm	12.25	10½-9½ pm	10.54

Belgian rate is for convertible francs. Financial franc 67.65-67.75. Six-month forward dollar 4.55-4.45c pm. 12-month 6.35-6.15c pm.

THE DOLLAR SPOT AND FORWARD

May 9	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2820-2.2880	2.2853-2.2863	1.33-1.23c pm	6.72	3.13-3.03 pm	5.39
Ireland†	2.0695-2.0740	2.0715-2.0735	1.25-1.15c pm	6.95	3.50-3.20 pm	6.46
Canada	1.1788-1.1828	1.1788-1.1791	0.47-0.52c dis	−5.03	0.84-0.89dis	−2.93
Nethlnd.	1.9805-1.9835	1.9810-1.9820	0.10-0.04c pm	0.42	0.29-0.23 pm	0.52
Belgium	28.82-28.92	28.90-28.92	10-13c dis	−4.77	29-33 dis	−4.36
Denmark	5.6275-5.6365	5.6300-5.6325	2.85-4.35ore dis	−8.74	10.0-10.5dis	−7.28
W Ger	1.7895-1.7945	1.7925-1.7935	0.30-0.20pf pm	1.67	0.90-0.80 pm	1.90
Portugal	49.15-49.30	49.18-49.28	20-40c dis	−7.31	65-115 dis	−7.31
Spain	70.85-71.10	70.90-71.00	75-95c dis	−14.38	170-195dis	−10.29
Italy	844.40-846.50	844.70-845.00	3-4lira dis	−4.97	10-11 dis	−4.97
Norway	4.9230-4.9285	4.9240-4.9250	0.90-1.30ore dis	−2.56	1.40-1.90dis	−1.34
France	4.1970-4.2020	4.1980-4.2000	0.47-0.57c dis	−1.48	1.20-1.40dis	−1.24
Sweden	4.2180-4.2235	4.2180-4.2200	0.85-1.05ore dis	−2.70	2.00-2.20dis	−1.99
Japan	231.80-234.00	233.45-233.55	0.10-0.25y dis	−0.90	0.45-0.60dis	−0.90
Austria	12.78-12.80½	12.78-12.79	1.10-0.40gro pm	0.70	4.25-1.75 pm	0.94
Switz.	1.6580-1.6645	1.6605-1.6615	1.54-1.44c pm	10.75	4.60-4.35 pm	10.78

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.569908	0.616960
U.S. $	13	1.30365	1.40392
Canadian $	15.67	1.54443	1.66100
Austria Sch	6¾	16.6268	17.8987
Belgian F	14	37.6954	40.9089
Danish K	13	7.31674	7.66276
D'Mark	7½	2.32702	2.50371
Guilder	10	2.57405	2.76903
French Fr.	9½	5.44632	5.86095
Lira	15	1096.37	1180.61
Yen	9	300.882	325.865
Norwgn. Kr.	9	6.69440	6.88293
Spanish Pta.	8	99.0377	99.1067
Swedish Kr.	10	5.46054	5.90838
Swiss Fr.	3	2.14591	2.31350

CURRENCY MOVEMENTS

May 8	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.3	−32.5
U.S. dollar	85.9	−7.3
Canadian dollar	80.3	−17.8
Austrian schilling	155.2	+24.1
Belgian franc	115.2	+13.9
Danish kroner	106.2	−4.8
Deutsche mark	155.4	+45.1
Swiss franc	199.0	+76.6
Guilder	124.8	+19.0
French franc	100.7	−6.1
Lira	55.5	−50.7
Yen	129.1	+20.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

May 8	£	$		£ Note Rates
Argentine Peso	4085-4106	1789-1796	Austria	29.05-29.35
Australia Dollar	2.0315-2.0355	0.8900-0.8905	Belgium	67.00-67.60
Brazil Cruzeiro	111.50-112.50	48.85-49.06	Denmark	12.75-13.84
Finland Markka	8.41-8.49	3.6870-3.6990	France	9.52-9.59
Greek Drachma	96.385-98.637	42.25-42.45	Germany	4.09-4.11½
Hong Kong Dollar	11.15¼-11.17¼	4.8890-4.8940	Italy	1895-1950
Iran Rial	n/a	n/a	Japan	531-536
Kuwait Dinar (KD)	0.612-0.699	0.2702-0.2703	Netherlands	4.51-4.53½
Luxembourg Frc	66.05-66.15	28.90-28.99	Norway	11.23-11.30
Malaysia Dollar	5.0160-5.0260	2.1980-2.1990	Portugal	107-112
New Zealand Dlr.	2.3470-2.3520	1.0280-1.0290	Spain	157¼-165
Saudi Arab. Riyal	7.66-7.66	3.3290-3.3305	Sweden	9.63-9.68
Singapore Dollar	4.9300-4.9400	2.1610-2.1630	Switzerland	3.78-3.81
Sth. African Rand	1.8105-1.8125	0.7920-0.7930	United States	2.28-2.299
U.A.E. Dirham	8.45-8.55	3.7215-3.7230	Yugoslavia	48¼-50

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3552	+1.42	+0.64	±1.53
Danish Krone	7.72336	7.86144	+1.79	+1.01	±1.64
German D-Mark	2.48208	2.50403	+0.88	+0.10	±1.125
French Franc	5.84700	5.86743	+0.35	−0.43	±1.3557
Dutch Guilder	2.74362	2.77009	+0.96	+0.18	±1.512
Irish Punt	0.668201	0.672904	+0.85	+0.07	±1.668
Italian Lira	1157.79	1180.40	+1.95	+1.69	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.286	4.098	536.5	9.598	3.795	4.528	1932.	2.697	66.10
U.S. Dollar	0.437	1.	1.793	233.4	4.199	1.660	1.981	845.0	1.180	28.92
Deutschemark	0.244	0.558	1.	130.2	2.342	0.926	1.105	471.4	0.658	16.13
Japanese Yen 1,000	1.874	4.285	7.683	1000.	17.98	7.113	8.486	3620.	5.055	123.9
French Franc 10	1.042	2.382	4.268	555.6	10.	3.954	4.717	2013.	2.810	68.87
Swiss Franc	0.264	0.602	1.080	140.6	2.528	1.	1.193	509.0	0.711	17.42
Dutch Guilder	0.221	0.505	0.905	117.8	2.120	0.838	1.	426.6	0.596	14.60
Italian Lira 1,000	0.518	1.183	2.121	276.2	4.966	1.965	2.344	1000.	1.396	34.22
Canadian Dollar	0.371	0.848	1.519	197.8	3.559	1.407	1.679	716.2	1.	24.51
Belgian Franc 100	1.513	3.458	6.199	807.1	14.52	5.741	6.849	2922.	4.080	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 10.65-10.75 per cent; three-months 10.70-10.80 per cent; six months 10.50-10.60 per cent; one year 10.25-10.35 per cent.

May 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17⅜-17⅝	9⅞-10⅛	14-15	10¾-11	1-1⅛	8¾-8⅞	12¼-12¾	12-14	—	11-11½
7 days' notice	17¼-17½	9⅞-10⅛	14-16	10¾-11	2¾-3¼	9½-9⅞	12⅝-12⅞	14½-17	10⅛-10⅜	11⅜-11⅝
Month	17½-17¾	10⅞-11⅛	15-15⅝	10⅞-11⅛	5¾-5⅞	9½-9⅝	12¾-13	15-15¾	11-11⅛	12⅛-12⅜
Three months	16⅞-17⅛	11⅛-11⅜	13¾-14⅛	10⅞-11⅛	6-6⅛	9½-9⅝	12⅞-13⅛	15½-16⅛	11⅛-11¼	12⅜-12⅝
Six months	15¾-16	11⅛-11⅜	12⅛-12⅞	10¾-11	5⅞-5⅞	9⅛-9⅜	12⅞-13⅛	15½-16½	11⅛-11⅜	11⅞-12
One year	14¾-15	11⅛-11⅜	11⅝-12⅛	10⅝-10⅞	5⅝-5¾	8⅞-9⅛	13⅛-13⅜	16-17	11-11⅛	11-11⅛

Long-term Eurodollar two years 11¼-11⅝ per cent; three years 11-11¼ per cent; four years 11-11¼ per cent; five years 11-11¼ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

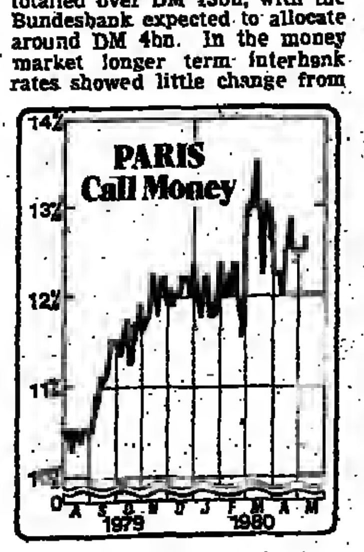
INTERNATIONAL MONEY MARKET

Belgian rates ease

Interest rates continued to show an easier tendency in Brussels yesterday, with the Belgian National Bank announcing further cuts in Treasury bill rates. One, two and three-month bills now stand at 16½ per cent down ¼ per cent from the previous common level of 16¾ per cent. Treasury bill rates reached a peak at the beginning of April, when the authorities pushed interest retes to record levels in order to support the franc within the European Monetary System. Since then the franc has shown some signs of recovery and interest rates have been falling as part of general trend.

In Frankfurt call money eased yesterday to 10.0-10.2 per cent from 10.5-10.7 per cent ahead of the new 30-day pension facility due to-day. Applications received totalled over DM 13bn, with the Bundesbank expected to allocate around DM 4bn. In the money market longer term interbank rates showed little change from Wednesday.

In Paris call money rose to 12⅞ per cent from 12½ per cent. Call money has remained at 12½ per cent, up until yesterday since April 24, underlining the authorities' success in maintaining stable market conditions. Period rates showed a slightly easier tendency where changed, with one-month money at 12⅞ per cent compared with 12¾ per cent and six-month funds easing to 12⅞ per cent from 12⅞ per cent.



MONEY RATES

NEW YORK

Prime Rate	17-18½
Fed. Funds	10¼-10¾
Treasury Bills (13-week)	8.57
Treasury Bills (26-week)	8.84

GERMANY

Discount Rate	7.5
Overnight Rate	10.10
One month	10.175
Three months	10.35
Six months	10.175

FRANCE

Discount Rate	9.5
Overnight Rate	12.625
One month	12.6875
Three months	12.8125
Six months	12.75

JAPAN

Discount Rate	9
Call (Unconditional)	12.3125
Bills Discount (three-month)	13.875

GOLD

Slight rise

Gold rose $6 in quiet London bullion trading, to close at $514-$519. It opened at $510-515, and touched a low point of $508-512 in the morning, possibly reflecting profit taking on the average price of $504.90 paid at the International Monetary Fund gold auction. The metal was fixed at $513.75 in the morning, and $515.75 in the afternoon. It touched a peak of $517-521.

In Paris the 12½ kilo gold bar was fixed at FFr 72,500 per kilo ($536.70 per ounce) in the afternoon, compared with FFr 72,500 ($536.89) in the morning, and FFr 72,000 ($536.03) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 29,810 per kilo ($516.99 per ounce), compared with DM 29,300 ($50.99) previously, and closed at $514-519, compared with $508-513.

In Zurich gold finished at $513-518, against $508-513.

	May 8		May 7	
Gold Bullion (fine ounce)				
Close	$514-516	(£225-227½)	$508-513	(£222¾-225)
Opening	$510-516	(£296½-225½)	$512-517	(£223½-225½)
Morning fixing	$513.75	(£294.649)	$509.25	(£222.623)
Afternoon fixing	$515.75	(£225.629)	$510	(£223.196)
Gold Coins				
Krugerrand	$529-539	(£231-234)	$524-529	(£229½-232)
Mapleleaf	$520-530	(£227½-232½)	$518-526	(£226½-230½)
New Sovereigns	$131-136	(£57½-58½)	$130-132	(£57-58)
King Sovs	$154-158	(£67-70)	$152-156	(£66½-69½)
Victoria Sovs	$154-158	(£67-70)	$152-156	(£66½-69½)
French 20s	$137-140		$137-141	
50 pesos Mexico	$644-650		$636-642	
100 Cor. Austria	$510-515		$506-512	
$20 Eagles	$637-642		$634-639	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Further help

Bank of England Minimum Lending rate 17 per cent (since November 15, 1979)

Day to day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on an extremely large scale. This comprised moderate purchases of Treasury bills and a small number of local authority bills, both direct from discount houses, and a moderate number of eligible bank bills, for resale at a fixed future date. The market was helped by a fall in the note circulation and an excess of Government disbursements over revenue transfers to the Exchequer. These were more than outweighed by the repayment of Wednesday's moderate lending and the unwinding of a large sale and repurchase agreement. There was also a small net take up of Treasury bills to finance and banks brought forward balances a moderate way below target.

Discount houses were paying up to 17 per cent for secured call loans at the start, with later balances taken as low as 16 per cent.

In the interbank market, overnight money opened at 17¼-17¾ per cent and eased to 17-17¼ per cent around lunch time. During the afternoon the easier trend continued with late balances taken as low as 15 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

May 8 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16-17½	—	—	—	16¾-17½	16-17	—	—	—
2 days notice	—	—	17½-17¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17⅛-17½	17⅛-17¼	—	17¾	17⅞-18¼	16½-17	—	—	—
One month	17⅜-17⅝	17⅝-17¾	17½-17¾	18⅛-18½	17⅝	18	16⅞	15⅞-15⅞	17⅛-17⅜	17⅞
Two months	17⅛-17¼	17¼-17⅜	—	17¾-17⅜	17½	—	16½	15	17-17⅛	17½
Three months	17-16⅞	16⅞-17⅛	16⅞-17	17⅛-16⅝	17	17⅛-18	16¼	15-15⅛	16⅝-16⅞	17
Six months	15¾-15⅞	15¾-15⅞	15¾-16	16-15⅞	15⅞	16¼	—	—	14⅞-15⅛	15½
Nine months	15¼-16	15⅛-15⅝	—	15⅛-15½	15⅝	16⅛	—	—	—	—
One Year	14¼-14⅝	14¾-15	15-16⅛	15⅝-15	14⅞	16	—	—	—	—
Two years	—	—	15-16⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rate nominally three years 13¾-14⅛ per cent; four years 14½-14¾ per cent; five years 14¾-14⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅞-15⅞ per cent; four-month trade bills 16½ per cent.

Approximate selling rates for one-month Treasury bills 15⅝-15 49-64ths per cent; two-months 15⅞-15 59-64ths per cent; three-months 15⅞-15⅞ per cent. Approximate selling rates for one-month bank bills 17⅛-17⅛ per cent; two-months 16⅞-17 per cent; three-months 16⅞-16½ per cent; one-month trade bills 17⅞ per cent; two-months 17¼ per cent; and three-months 16¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from May 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.0105 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 7, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

Country	Currency	Value of Dollar
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.4145
Algeria	Dinar	3.8325
Andorra	French Franc	4.1757
	Spanish Peseta	70.58
Angola	Kwanza	26.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1780.00
Australia	Australian $	0.8901
Austria	Schilling	12.716
Azores	Portug. Escudo	48.01
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	70.58
Bangladesh	Taka	16.2117
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.627
	B. Franc (F)	29.346
Belize	Belize $	2.00
Benin	C.F.A. Franc	208.785
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.9491
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7782
Brazil	Cruzeiro	48.95
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.166
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Republic	C.F.A. Franc	208.785
Canada	Canadian $	1.1854
Canary Islands	Spanish Peseta	70.58
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Emp.	C.F.A. Franc	208.785
Chad	C.F.A. Franc	208.785
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.5474
Colombia	Col. Peso (O)	45.96
Comoros Islands	C.F.A. Franc	208.785
Congo (Brazaville)	C.F.A. Franc	208.785
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7235
Cyprus	Cyprus Pound	0.371
Czechoslovakia	Koruna (O)	5.86
Dem. Rep. S'oTome & Principe	S. Tome Dobra	34.669
Denmark	Danish Krone	5.597
Djibouti Rp. of	Djibouti Franc	166.999
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'can Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (5)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	70.58
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.597
Falkland Islands	Falkland Is. £ *	2.288
Fiji Islands	Fiji $	0.828
Finland	Markka	3.68
France	French Franc	4.1757
French C'tyin Af.	C.F.A. Franc	208.785
French Guiana	Local Franc	4.1767
French Pacific Is.	C.F.P. Franc	75.3634
Gabon	C.F.A. Franc	208.785
Gambia	Dalasi	1.7463
Germany (East)	Ostmark (O)	1.7815
Germany (West)	Deutschemark	1.7816
Ghana	Cedi	2.75
Gibraltar	Pound *	2.288
Gilbert Is.	Aust. $	0.8901
Greece	Drachma	48.20
Greenland	Danish Krone	5.697
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.1757
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.7113
Guinea Republic	Syli	18.913
Guyana	Guyanese $	2.5138
Haiti	Gourde	5.00
Honduras Repub	Lempira	2.00
Hong Kong	H.K. $	4.88
Hungary	Forint (O)	34.00
Iceland	I. Krona	429.70
India	Ind. Rupee	7.9491
Indonesia	Rupiah	625.00
Iran	Rial	71.50
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt *	2.0757
Israel	Israeli Pound (4)	45.21
Italy	Lira	841.10
Ivory Coast	C.F.A. Franc	208.785
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	230.96
Jordan	Jordan Dinar	0.298
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.4018
Korea (Nth)	Won	0.94
Korea (Sth)	Won	583.00
Kuwait	Kuwait Dinar	0.2701
Lao P'ple D. Rep	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.406
Lesotho	Loti	0.7933
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2951
Liechtenstein	Swiss Franc	1.647
Luxembourg	Lux Franc	28.627
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	208.785
Madeira	Portugese Escudo	49.01
Malawi	Kwacha	0.8196
Malaysia	Ringgit	2.208
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	417.57
Malta	Maltese Pound	0.344
Martinique	Local Franc	4.1757
Mauritania	Ouguiya	41.757
Mauritius	M. Rupee	7.6617
Mexico	Mexican Peso	22.846
Miquelon	French Franc	4.1757
Monaco	French Franc	4.1757
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.8702
Mozambique	Moz. Escudo	28.5446
Namibia	Rand	0.7633
Nauru Is.	Aust. $	0.8901
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9709
Netherland Antilles	Antillian Guild	1.80
New Nebrides	Aust. $	0.8901
	FNH	87.4805
New Zealand	NZ $	1.0278
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	208.785
Nigeria	Naira (O)	0.5803
Norway	Norwg. Krone	4.9026
Oman, Sultanate of	Rial Omani	0.6466
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N. Guinea	Kina	0.68
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	270.24
Philippines	Ph. Peso	7.40
Pitcairn Islands	NZ $	1.0278
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	49.01
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.1757
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Sterling *	2.288
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.1757
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S $	1.00
San Marino	Italian Lira	841.10
Saudi Arabia	Saudi Riyal	3.3285
Senegal	C. F. A. Franc	208.785
Seychelles	S. Rupee	5.8265
Sierra Leone	Leone	0.8741
Singapore	Singapore $	2.166
Solomon Islands	S.I. $	0.9901
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7933
Spain	Peseta	70.58
Spanish ports in North Africa	Sp. Peseta	70.58
Sri Lanka	S. L. Rupee	15.65
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7963
Sweden	S. Krona	4.2086
Switzerland	Swiss Franc	1.647
Syria	Syria Pound	3.9262
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan. Shilling	8.2893
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	208.785
Tonga Islands	Pa'anga	0.8901
Trinidad & Tob	Trin. & Tob. $	2.4065
Tunisia	Tunisian Dinar	0.4131
Turkey	Lira	74.43
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8901
Uganda	Ug. Shilling	7.4018
United Arab Emir.	UAE Dirham	3.7223
United Kingdom	£ Sterling *	2.288
Upper Volta	C.F.A. Franc	208.785
Uruguay	Urug. Peso Im.	8.70
U.S.S.R.	Rouble	0.6623
Vatican	Italian Lira	841.10
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	9.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9523
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	20.7203
Zaire Republic	Zaire Zaire	2.0041
Zambia	Kwacha	0.7848
Zimbabwe	Zim $	0.6635

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate. (1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports. (3) Egypt—A different rate applies to certain transactions with non-IMF countries. (4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.

WORLD STOCK MARKETS

Dow 2.65 off at mid-session

STOCKS WERE broadly higher in active trading led by interest rate-sensitive issues. The Dow Jones Industrial Average was off 2.65, at 818.60 at 1 pm yesterday.

Analysts said the rapid decline in interest rates over the past few weeks remains the major plus stocks. However, they noted the potential impact of the recession on corporate profits as a negative for the market.

Lower April sales reports *from major retailers* and news of further Motor industry lay-offs were also limiting gains.

Among major retailers, Sears Roebuck and J. C. Penney reported lower April sales. Other retailers had improved sales. However, retailers benefitted from falling interest rates.

Active Sears rose ⅜ to $17⅞. K Mart added ½ to $22⅞. F. W. Woolworth ½ to $26 and Federated Stores 1¼ to $27¼. Penney was unchanged at $25⅞.

Financial Federation gained ⅜ to $29, Golden West Financial ½ to $17⅞ and Aetna Life ¼ to $35. However, volume leader Citicorp was unchanged at $21⅞ and Bankamerica lost ½ to $26½.

Chrysler, which late on Wednesday reported a $448.8m first quarter loss, fell ⅜ to $6½.

Ford Motor gained ¼ to $23¼ but General Motors was unchanged at $42⅞. Ford said it would offer up to $500 in rebates to customers and scaled back its capital spending plans. General Motors announced more lay-offs but said it has not changed its spending plans.

Liggett group was off ⅞ to $61 when trading was halted after it was reported that Grand Metropolitan was considering increasing its bid for Liggett.

At 1.00 pm the NYSE All Common Index was off 0.17 to 60.85 on volume of 29.42m shares (30.57m).

THE AMERICAN SE Market Value Index was off 0.49 at 253.83, at mid-session, on volume of 2.54m shares (2.14m).

Canada

Markets continued broadly lower in moderate trading. The Toronto Composite Index fell 7.6 to 1,833.3 at mid-day yesterday.

Oil and Gas issues were lower as Dome Petroleum at C$68⅞ and Husky Oil at C$93 each fell ⅛. Gulf Canada lost ¼ to 30 while Imperial Oil "A" at C$39⅞ and Shell Canada at C$29⅞ each slipped ⅛.

Base Metals advanced, Inco Ltd gaining ⅛ to C$23⅞, Falconbridge Nickel ½ to C$87, Noranda Mines ⅛ to C$23 and Alcan Aluminium ¼ to 28.

Germany

Leading shares continued to firm with the Commerzbank Index rising 8.40 to 697.30 after lively turnover.

Most shares benefitted from a firmer Domestic Bond Market, with Dresdner leading banks up DM 6.50 to DM 186 over Wednesday's close. *Metallgesellschaft* gained DM 4 to DM 271 on news that Kuwait has taken a 10 per cent stake.

Hoechst led Chemicals up DM 1.90, KHD gained DM 7.50 in Higher Engineerings, while Stores fell by up to DM 4 on lower buying interest.

Leading electricals all gained, with BBC rising DM 1.50 and Siemens DM 1.80 to DM 260.8 on higher profit announcements.

AEG advanced DM 1 to DM 74, in the wake of the higher trend generally. The market has discounted the DM 968m loss for 1979 AEG said yesterday, and the forecast of a 1980 loss of between DM 100m and DM 200m.

Hong Kong

Share prices recovered in a technical adjustment to earlier falls and local buying continued the rally, taking the Hang Seng Index 17.32 points higher to 878.88 at the close.

Green Island gained HK$2.75 to close at HK$48.50. Among market leaders Hongkong Electric added 25 cents to close at HK$6.15, Hongkong Land 30 to HK$11, Hongkong Bank 10 to HK$13.80 and Hongkong Wharf 50 to HK$66.

Jardine Matheson firmed 30 cents to close at HK$14.20, Hutchison Whampoa 15 to HK$8.50 and Wheelock Marden 12.5 cents to HK$4.125, dealers said.

Cheung Kong gained 30 cents to *HK$13.90, Hang Lung* 20 to HK$10.40 and Hang Seng Bank HK$2.5 to HK$101.

Elsewhere, Great Eagle rose 20 cents to colse at HK$5.85, Hopewell 20 to HK$9.80 and Sun Hung Kai Properties 30 to HK$20.80.

Tokyo

Share prices closed sharply lower, led by Oils and big Capital Issues.

Oils eased on reports that China had voiced opposition to a *Japan-South Korea* development of Continental Shelf oil reserves.

The Nikkei Dow Jones average fell 77.14 to close at 6,757.70. Volume 240m shares. The Tokyo Stock Exchange Index closed at 465.91, down 3.55.

Nippon Oil fell Y210 to Y2,080. Teikoku Oil down Y120 to Y1,190, Arabian Oil Y180 to Y3,330 and Mitsui Mining Y27 to Y805, Nippon Steel lost five to Y140 despite reports that major domestic users accepted a Nippon Steel proposal to raise the steel price by 10 to 11 per cent.

Nonferrous Metals, Chemicals and Pharmaceuticals, also fell sharply on liquidations and profit taking.

Among limited gains were Sugars and some Speculatives. Mitsui and Company rose Y18 to Y335 on cheap buying.

The second market also closed lower. Volume 5m shares.

Amsterdam

Equities and Bonds posted higher prices in quiet trading on the Amsterdam Stock Exchange, punctuated only by strong demand from abroad for Royal Dutch Shell shares.

The Anglo-Dutch multinational was reportedly sought by U.S. and Swiss-based interests on favourable forecasts for the group's 1980 dividend yield. Buying momentum also carried over from the New York Stock *Exchange* a day earlier. Royal Dutch Shell closed at Fl 152.90, a gain of Fl 2.50.

Among local Dutch shares, Banks, Insurances and Shipping Stocks improved. In the publishing sector, Elsevier-NDU gained again after an Fl 8 advance on Wednesday.

Prices in the bond sector were about 20 cents higher.

Johannesburg

Gold shares and Mining Financials closed quietly firmer on continued limited turnover.

Durban Deep rose 50 cents to R26 and Blyvoors and Ergo 15 each to R15.25 and R7.9 respectively. Rand Mines Props fell 10 to R5.55 after news of its Dump Sands recovery project. Transvaal Consolidated gained 100 to R3.9 while De Beers gained 10 cents to R9.45.

Platinums rose and Industrials closed mixed with a firmer bias although SA Breweries eased 4 cents to R3.13 despite yester-

Brussels

Belgian share prices were mixed on quiet trading. Traction, Lambert, Asturienne, ACEC, Gevaert, Tessenderloo, Andre Dumont, Finoutremer and CBR gained, while Reserve, Unerg, Electrafina, Sidro, UCB, Cometra and St. Roch declined.

In Foreign Stocks, UK and Canadians were little changed, Germans, Dutch, U.S. and French steady. Gold Mines were mixed. Petrofina, American Petrofina and Canadian Petrofina, were all higher.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

BRAZIL

Financial Rand US$0.93 (Discount of 26¼%)

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

Spanish prices, Page 14

COMMODITIES AND AGRICULTURE

Commission defeat in Brussels farm price deal

BY MARGARET VAN HATTEM IN BRUSSELS

THE 1.8bn ECU (£1.1bn) farm prices package informally agreed in Brussels this week represents an ignominious defeat for the European Commission led by Mr. Roy Jenkins.

For this, its final year of offica, offere dthe Jenkins EEC Commission its last chance to carry out what it considered its main sim — to come to terms with the EEC's mounting food surpluses.

All that remains to be done, before the package can be implemented, is for the British to lift their reserve; for a few minor points to be tidied up; ond for some form of agreement to be reached on an EEC sheep meat régime. The rest will not be renegotiated.

The package, as it emerged from Brussels this week, representa a doubling of the Commission's original price proposals, together with the *rejection* of important reforms in the dairy and sugar sectors. It thus *guorantees that food surplases* will continne to grow and will exhaust tha Community'e financial resources next year.

Commenting on the package, Mr. Finn Olav Gundelach, the Farm Commissioner, blamed the British Government for its lack of support: "The British could bave fought the farm spending issue, but they chose to fight on the bndget — they went for the money. Under the circumstances, I think we, the Commission, did damm well."

The main points of the agreement are as follows:

● Dairy: The intervention price for butter rises 2.5 per cent, for skimmed milk powder by 5.3 per cent and the target price for milk by 4 per cent. The co-responsibility levy rises from 0.5 per cent to 2 per cent. An extra levy will be charged next year on farmers who prodnce more than their 1978-79 average.

Tha Community currently produces 20 per cent more milk than it needs and spends half the farm budget on its butter and skimmed milk powder surpluses, currently at 284,000 and 155,000 tonnes respectively.

This sector represents tha *biggest* defeat for the Commission: in particular, the rejection of the proposed 84 per cent "*super levy*" npon increased ontput, in favour of the co-responsibility levy which *the Commission admits* "has never worked."

● Sugar: The price of white sugar rises by 5.3 per cent; the minimom beet price by 4 per cent. The EEC produces 30 per cent more sugar than it needs, with an annual exportable surplus of around 3m tonnes. Present qnotas will be observed for another year, instead of being cut, as will the present isoglucose regime:

● Cereals: Intervention prices rise by 4.5 per cent; target prices by 6.25 per cent. EEC cereal surpluses currently include common wheat (1.4m tonnes), barley (80,000 tonnes), rye (400,000 tonnes), and hard wheat (140,000 tonnes).

● Beef: Guide price and intervention price rise by 4 per cent. The beef surplus stands at 240,000 tonnes.

● Wine: The guide price rises by 5.5 per cent.

● Olive oil: Intervention price up 4 per cent; guide price up 5.5 per cent; production aids up 5.5 per cent.

Points not yet settled which may be agreed at the end of this month inclnde proposals to auspend intervention buying of beef periodically; proposals to phase out Italy's import levy on feed graina over the next three years; subsidies for producers of surplus wine which must be distilled; and the inclusion of sheepmeat in the CAP.

This last is undoubtedly the biggest *sticking* point as the British certainly intend to renegotiote the paper approved in Luxembourg by the other Eight, deleting, if possible, provisions for export rebates and intervention bnying, and lowering the suggested price levels.

India has to import sugar

By K. K. Sharma in New Delhi

THE Indian Government has bought 200,000 tonnes of white and raw sugar from the world market and the entire quantity is to be imported in May and June, it was announced in New Delhi yesterday.

The purchases by the State Trading Corporation were made in the middle of April when sugar prices were not as high as they are now hnt the government did not disclose the price. India is normally an exporter of sugar, but low production last year has caused an acute internal scarcity and market prices bove soared.

The sugar purchases, described as a one-time operation, will help the government to maintain supplies to the public distribution system of "fair price shops." The government ia committed to supply 60 per cent of the people's needs at a low price, while the rest is sold on the open market.

The government said that the purchases bove been made after making sure that they *do* not have any adverse effect on the long-term programme of sugar exports, *particularly the export quota* nnder the International Sugar Agreement.

Our Commodities Editor writes: Confirmation of the Indian purchases belped fuel an npsurge in world sugar prices yesterdoy. The London daily price was raised by £22 to £304 a tonne—the highest level since February 1975.

GRAZING CATTLE

Pleasure, but little profit, on the hoof

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IT USED to be said that there were three certain ways of losing a fortuna: women were the pleasantest, racehorses the swiftest and grazing fattening *cattle the alowest.*

Nevertheless while in Shropshire the other day I was happy to see that farmers still surivved who could produce pure bred beef, in the way in which I was trained to, more than 50 years ago.

I was apprenticed—I suppose that would be the modern term —to a grazier, a summer grazier. From early *March onwards* he would attend the markets in the Welsh border counties and purchase either pure bred Hereford heifers or a Shorthorn Hereford cross. These were then walked home to good pastures where they remained for much of the summer, before being taken back to market again for aole.

I soon noticed that tha price price of these cattle, in per hundredweigh terms, fell steadily through the period. But my master told me that this fall in price waa compensated by the increased weight they put on at a time when grass quality was at its best.

I did my best to believe bim, but the inconsistencies of his arguments could not conceal the fact thot aome bunches of cattle *which* I bad noted on *purchase,* were actually aold for less money than they bad cost.

Triumpbantly I pointed this ont to bim, to be met with answer that the rest of his farm was paying, and that he enjoyed his grazing more than anything else, and that if I was so keen on commerce I could devote myself to the plum harvest.

This *experience cured* me of becoming a grazier and exposure to the buying methods of urban greengrocers snuffed out all desire to be a fruitgrower.

The particular bunch of cattle which sparked off tehse memories were pure Hereford with white faces and red bodies; which are particularly good to look at on o lush spring pasture. *They* were mature *cattle,* probably two and a-half years old, and worth the best part of £400 apiece. I did not meet the farmer, but I was told that they were home-bred on suckler cows, and that the farm bad a good-sized corn acreage.

I was not surprised to bear this because this class of grazing, once traditional in tha grassland areaa of the UK, bas become increasingly uneconomic, as all farm costs have been escalating. Indeed, it bas been basically unsound in economic terms for most of this century.

Those practising it bave either other and more profitable farming departments, or have deoler mentalities. You can see them hanging round the rails of the livestock ouctions, watching the *cattle come through.*

Every now and then one of them will think he aees a profit in a bunch of cattle and ha will buy. Or, if trade is good, he could send cattle to market in a hurry or take a customer home.

It is just like the Stock Exchonge, except that you don't have to feed share certificates. But it is a lot more fun.

Even if you do not make a notional profit, there is another snag. The price of store cattle in the spring has been rising steadily since the last war, so a large proportion of the profit has had to go to buying the following year's cattle.

This is a very real problem and one I experianced myself when becoming involved in the management of a grazing farm once belonging to my old boss. The cure in this case was to sell out.

This highlights another idiosyncracy of the true grazier'a mind. He does not look at the margin between the original cost of his cattle and their sale price, but between their sale price and the cost of next year's supply.

I beard of a large scale operator who suffered a halving of hia prices in the great alump of 1921. Was be worried, his anxioua family asked? Not a bit of it, be bad a very hig margin between hia sale price and the cost of restocking.

There are today more common systems of beef production using hybrids *as mothers,* or calves from the dairy herd. Some farmera claim that they do quite well out of tbem. I bave even tried it myself in the past, but I could never find a system which would provide a return equal to that from grain growing, dairying or even keeping sheep. The only way in which I could manage them was to sell tbe young cattle I bred, for someone else to fatten in the spring.

My land is too light for fleshing cattle, but I have seen now that many of the best grazing areas in the country are showing considerable ploughing, something that was never seen even 30 years ago.

Membership of the EEC could well accelerate the process. Except in parts of France, the production of beef from mature animals, steers and heifers, is very low. According to the latest census figures, Britain and Ireland, with no more than 24 per cent of the EEC cattle berd, hove between 40 per cent and 50 per cent of mature cattle destined for slaughter.

Until recently, Irish production of store cattle was geared to the Britiah market. But now they are increasing exports of calves and young cattle to other EEC countries where they are slaughtered ot a mucb earlier age. So the proportion of older cattle slaughtered is bound to *keep falling.*

I enjoyed my look at the grozing cattle the other day, but *I fear that* sucb visual pleasures will be forced into oblivion by economic pressure and the European example. The *roast* beef of old England is on its way out.

Delay to Soviet planting

BAD SPRING weather has offected planting of grains and sugar beet in the Soviet Union, USSR farm experts bave admitted.

This year the late spring has beld hack sowings by aa mnch as one month in some areas, but officials say winter crops, planted last autumn, have survived the cold exceptionally well.

Figures released on Moscow television *last night showed* Rnssian farmers had sown a total of 37m hectares of spring crops by May 5. Last year, when spring was also late, the figure for May 7 was 47.1m hectares.

This year the Soviet Union plans to harvest 235m tonnes of grain, though there were no indication as to whether this target would be met. In 1979 a *cold spring and summer drought* led to a poor harvest of 179m tonnes.

The spring grain crop, which generally accounts for more than 60 per cent of total production, would be affected by late *sowing,* but the *final* barvest depended on summer conditions, th eSoviet experts sald.

An official commentator in Moscow has said, however, that the Soviet Union would have enongh grain to cover domestic needs this year.

Meanwhile the U.S. Agriculture Department said the weather in the Soviet Union was definitely causing concern, but the potential for winter *grains was still good,* reports Reuter.

Commenting on a recent visit to crop areas, the USDA attaché in Moscow said standing water was noted in many fields between Moscow and Kharkov, and in northern areas winter crops were just coming out of dormancy.

In Washington, Howard Hjort, the Agriculture Department's chief economist, estimated net *cost to the U.S. government* of about $2.8bn to $3.0bn in the current fiscal year for various programmes dealing with the suspension of agricultural shipments to the Soviet Union.

He told the House Agriculture Committee that the total to be spent would be ahout $3.8bn, but that some of the money would be repaid before the fiscal *year ends on September 30.*

Cocoa prices recover

THIS WEEK'S recovery in cocoo prices continued on the London futures market yesterday. The July position, which last week slipped below £1,200 a tonne for the first time since August 1976, gained £18.5 to £1,234.5 a tonne.

Dealers attributed the rise to investors covering against "short" sales in the face of a technically *oversold* market situation. The strength of other commodities, especially sugar and copper, also encouraged the rise they added.

At one point July cocoa reached £1,256 a tonne, hut it then fell back on reports that Brazil had been selling.

Australasian farm trade policy sought

BY PATRICIA NEWBY IN CANBERRA

THE NATIONAL farmers organiaations of New Zealand and Australia are seeking to decide *in principle* on a bi-portisan policy on cross-Tasman trade in agricultural products and trade in third markets.

Both the Australian National Farmers Federation and the Federated Farmers of New Zealand *stressed* that they were not looking to establish cartels on internotionol markets, but at *the same time believed* there was much to be gained by close co-operation and discussion to avoid undercutting each other to the detriment of farmers on both sides of the Tasman sea.

The talks were the result of a decision in principle reached at o meeting in Wellington last month between Prime Ministers Malcolm Fraser ond *Robert Muldoon,* to replace the 1966 New Zealand Australio Free Trade Agreement (NAFTA) with a more liberal trade policy.

On both sidee of the Tasman work is proceeding on an indnstry-by-industry basis in the manufacturing *sector* to try to lower protection between the two countries.

The main stumbling block to freer trade in the rural sector is dairy produce. The purpose of the visit by the *12-man* delegation from New Zealand was partly to alleviate the fears of Australian dairy producers of "dumping" of manufactured dairy products in the Australian market by their *more* efficient Kiwi neighbours.

The conference ia seeking a guaranteed farm gate return, underwritten by the government of $A2.20 (£1.10) a kilo for butterfat, o 55 cent increase on present prices.

The *New Zealand dairy* industry said yesterday that although New Zealand would supply if shortfalls arose, nobody should think the country was sitting there with vast quantities of dairy products to rush on to thte market. All New Zealand dairy produce was currently accounted for.

On the question of co-operation in third markets for agricultural goods, both sides said there was already a great deal of *consultation* and that this should be increaeed.

Mr. John Whitelay, executive director of the Nationol Formers Federation of Australia said, "I think both sides recognise that freer trade across the Tasman is coming, and rather than get too preoccupied on our respective domestic markets—which after all are very small relatively—we sbould be looking to third markets to our north and in the Middle East."

Revived interest in a Pacific basic economic community gave the two countries the chance to *bring* pressure on Japan to lower protection on agricultural goods, Mr. Whitelaw said.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Higher on the London Metal Exchange, although forward metal was not able initially to maintain the high levels reached in overnight inter-office dealings and slipped from £926 to £913. But, in an oversold market New York buying in anticipation of a strong Comex opening helped to lift prices. After Comex opened, the London price touched £924. Trade selling was evident at the higher levels. In the late afternoon, the price drifted off to close on the Kerb at £916. Turnover 12,475 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	888-5	+18.5	897-9	+20.5
3 months	913-4	+18	920-.5	+18
Settlem't	889.5	+18.5	—	......
Cathodes				
Cash	868-70	+18.5	883-1	+17
3 months	890-1	+17	901-2	+17
Settlem't	870	+18	—	......
U.S. Prod	—	......	*90-96.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £889, three months £915, 14, 12, 13, 14, 13, 12, 12.5, 13, 14. Cathodes, three months £891, 90. Kerbs: Wirebars, three months £916, 17, 19, 18, 18, 20. Afternoon: Wirebars, three months £917, 18, 19, 18, 18.5, 20, 21, 20. Kerbs: Wirebars, three months £915, 14, 15, 16, 17, 18, 17, 15.

TIN—Moved narrowly after a steady opening for forward metal at £7,470 on further demand from the Eastern bloc. But hedge selling pushed the price back to £7,450 and it remained around this level for the rest of the day, closing on the Kerb at £7,460. Turnover 660 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7540-60	......	7470-500	−25
3 months	7460-80	−18	7450-70	−20
Settlem't	7560	......	—	......
Standard				
Cash	7480-500	−35	7465-70	−42.5
3 months	7450-60	−10	7445-50	−17.5
Settlem't	7500	−30	—	......
Straits E.	$2275	−25	—	......
New York	—	......	—	......

Morning: Standard, three months £7,460, 60. Kerbs: Standard, three months £7,450, 60, 70, 65, 60. Afternoon: Standard, three months £7,460, 50, 45, 50. Kerbs: Standard, three months £7,465, 60.

LEAD—Lost ground after forward metal had started steadily at £367. In the morning it drifted to £362-£363, but in the afternoon it ran into trade hedge selling which led to a close on the Kerb of £351.1. Turnover 6,950 tonnes.

Morning: Three months £365, 64, 63, 65, 66, 65, 64, 63. Kerbs: Three months £363. Afternoon: Three months £362, 60, 58, 55, 54, 55. Kerbs: Three months £354, 53, 52, 51, 52.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	355-7	−7.5	347-50	−10.5
3 months	353-4	−7	354.6	−12½
S'ment	357	−7	—	......
U.S. Spot	—	......	*36-40	......

ZINC—Featureless in a neglected market where the forward price moved within a range of £3 around £310 for the whole day, closing on the Kerb at £307.5. Turnover 5,175 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
	£	£	£	£
Cash	297-8	−.5	896.5-7.5	−2
3 months	308.5-9	−.75	308-9	−1.25
S'ment	298	−.5	—	......
Primw'ts	—	......	*37.5	......

Morning: Cash £297, three months £310, 09, 8.5, 8.75. Kerbs: Three months £309. Afternoon: Three months £309, 8.5. Kerbs: Three months £308.

ALUMINIUM—Gained ground in late trading after forward metal had held for most of the day around £758-£760. Reports of good physical business prompted a climb to £774 and a close on the Kerb of £773. Turnover 4,925 tonnes.

Alumin'm	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
	£	£	£	£
Spot	775-7	+9	782-5	+6
3 months	761-2	+4	764-5	+6.5

Morning: Cash £774, mid-May £776, three months £760, 59, 58, 59, 61, 60, 59. Kerbs: Three months £760. Afternoon: Three months £761, 61.5, 62, 63, 61, 63, 64. Kerbs: Three months £765, 66, 67, 68, 70, 72, 73, 75.

NICKEL—Little changed after a quiet day's trading when forward metal moved from a start of £2,685 to a close on the Kerb of £2,695. Turnover 192 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
Spot	2580-95	−12.5	2595-615	+15.5
3 months	2680-5	−10	2690-700	+7.5

Morning: Three months £2,685. Kerbs: Three months £2,685. Afternoon Kerbs: Three months £2,695.

SILVER

Silver was fixed 23.9p an ounce higher for spot delivery in the London bullion market yesterday at £5.794. U.S. equivalents of the fixing levels were: Spot $13.223, up 52.3c; three-month $13.5, up 52c; six-month $13.847, up 51.7c; and 12-month $14.614, up 51.8c. The metal opened at £5.7-6.0 ($13-13¾) and closed at the same level.

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	579.3p	+23.9	572.5p	+2
3 months	598.8p	+23.6	595.0p	+5.5
6 months	617.9p	+23.6	—	......
12 months	657.9p	+23.6	—	......

LME—Turnover 147 (178) lots of 10,000 ounces. Morning: Cash 573, 72, 74, three months 598, 600, 595, 96, 95. Kerbs: Three months 595. Afternoon: Three months 600, 595, 93. Kerbs: Three months 595, 97.

COCOA

Futures advanced almost to limit up on commission short covering but during the afternoon fell back to end the day some £20 above Wednesday evening. *Physicals today* were largely neglected by both producers and consumers, reports Gill and Duffus.

COCOA	May 8 Close	+ or −	Business Done
May	1214-20	+21.0	1225-05
July	1234-35	+18.5	1256-23
Sep	1254-55	+17.0	1268-48
Dec	1303-04	+16.0	1320-1295
March	1337-40	+18.5	1362-30
May	1363-65	+19.0	1375-65
July	1385-90	+20.0	1394-85

Sales: 3,801 (4,056) lots of 10 tonnes.

COFFEE

Robustas opened unchanged to £10 higher as differentials adjusted to recent switch values, reports Drexel Burnham Lambert. Dealings were very mixed but there were not *fresh fundamental* or physical factors to inspire any further activity through the day until the close when producer involvement boosted the day's turnover, but failed to erase earlier losses in the light of commission house selling.

COFFEE	yesterday's Close	+ or −	Business Done
	£ per tonne		
May	1657-59	−2.5	1669-55
July	1708-10	−5.5	1716-09
Sept	1745-46	−0.5	1753-46
Nov	1755-62	+1.0	1767-59
January	1753-57	−1.5	1762-58
March	1706-12	+6.0	1714-12
May	1700-08	+16.5	—

Sales: 3,094 (3,725) lots of 5 tonnes.

ICS Indicator prices for May 7 (U.S. cents per pound): Other Mild Arabicas 187.33 (same); Robustas ICA 1976 169.75 (same); ICA 1968 170.00 (same). Unwashed Arabicas 216.50 *(214.00). Comp daily* ICA 1968 193.22 (192.39).

GRAINS

LONDON GRAIN FUTURES—Old crops opened unchanged on wheat and 20p lower on barley. Good demand for wheat increased values to close 35p higher in very thin volume. May Barley saw further selling pressure to close 40p down on the day. New crops saw very little trade and closed 10p-15p down on wheat and 5p-10p lower on barley, reports Acli.

WHEAT			BARLEY	
M'nth	Yesterday close	+ or −	Yesterday close	+ or −
May	92.10	+0.35	90.00	−0.40
Sept	93.40	−0.15	91.10	−0.05
Nov	97.10	−0.10	94.95	−0.05
Jan	100.85	−0.10	98.70	−0.05
Mar	104.15	−0.15	102.05	−0.05

Business done—Wheat: May 92.00-91.70, Sept. 93.50-93.40, Nov. 97.20-97.10, Jan. 100.90-100.80, March 104.20-104.10. Sales: 89 lots of 100 tonnes. Barley: May 90.20-89.95, Sept. 91.15-*91.05, Nov. 95.00-94.85, Jan. 98.70-98.60,* March 102.05-101.80. Sales: 145 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, May 96.90, June 97.25, July 97.35, Aug. 99.10, Sept. 100.45, Oct. 101.80 transhipment East Coast. *English Feed* fob May 97.75, June 98.50 East Coast. Maize: French May 117, June 118 East Coast. S. African Yellow May-June 80.00. *Barley:* English Feed fob May 97.25, June 97.50 East Coast. Rest unquoted.

HGCA — Locational *ex-farm* spot prices. Feed barley: S. East 90.00, S. West 91.20, W Midlands 92.00, N. West 92.60. Other milling wheat: *S. West 96.00.*

RUBBER

The London physical market opened easier, and ruled quiet throughout the day, closing on a dull note. Lewis and Peat reported a Malaysian godown price of 300 (305) cents a kg (buyer, June).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
June	61.10-61.70	62.50-62.80	62.00
July	62.00-62.50	63.40-63.00	62.20
Jly-Sept	63.50-63.80	64.00-64.70	64.20-63.40
Oct-Dec	67.50-67.40	68.40-68.50	68.40-67.00
Jan-Mar	70.50-70.40	71.00-71.40	71.50-70.00
Apr-Jne	73.10-73.20	74.00-74.10	74.40-73.20
Jly-Sept	75.70-75.80	76.80-76.70	76.90-75.80
Oct-Dec	78.40-78.60	78.40-78.50	78.80-78.40
Jan-Mar	81.20-81.40	82.20-82.40	81.60-81.20

Sales: 724 (330) at 15 tonnes, 9 (5) at 5 tonnes.

Physical closing prices (buyers) were: Spot 61.00p (62.00p); June 64.75p (65.50p); *July* 65.50p (66.25p).

SUGAR

LONDON DAILY PRICE (raw sugar): £304.00 (£282.00) a tonne cif for May-June shipment. White sugar daily price was £300.00 (£284.00).

Keen buying at the opening lifted August £9.00 above kerb levels. Prices held throughout the morning and on reopening August touched £329.00 and October £333.00. Later, however, profit-taking on easier New York quotations and the market eased back from the high *points, reports* C. Czarnikow.

No. 4 CONTRACT—Close (in order buyer, seller only). Aug. 328.25, 328.75; Oct. 330.75, 333.00; Jan. 334.00, *336.50; March* 335.50, 336.00; May 335.00, 335.05; Aug. 333.05, 334.00; Oct. 331.00, 336.00. Sales: 3,606 (1,017).

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
May	307.00-07.50	287.00-87.75	316.00-288.0
Aug	324.50-25.75	301.25-01.50	329.00-02.00
Oct	328.85-28.85	307.50-07.70	335.50-07.50

Sales: 11,788 (7,962) lots of 50 tonnes.

Tate and Lyle ex-refinory price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £398.50 (£369.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for May 7: Daily price 27.07 (27.04); 15-day average 23.63 (23.30).

SOYABEAN MEAL

The London market opened around unchanged and moved slightly better on trade buying. Prices continued firm on nervous short covering and finished the day on the highs with gains of £1.00, reports T. G. Roddick.

	Yest'rday Close	+ or −	Business Done
	£ per tonne		
June	109.50-09.7	+0.90	109.50-08.80
August	109.10-08.5	+1.00	109.50-08.70
October	107.50-07.8	+1.00	107.50-08.50
December	109.00-10.5	+0.50	—
February	112.00-13.5	+0.75	—
April	114.50-15.5	+0.20	—
June	115.00-16.5	+0.25	—

Sales: 93 (5) lots of 100 tonnes.

COTTON

LIVERPOOL—No spot or shipment sales were recorded in Liverpool, leaving the total for the week so far at 52 tonnes. Operations were at *minimal level, resulting in only very* restricted offtake. Demand in certain American-type styles was mentioned but the call for supplies was far from adequate.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. May 358, 361, 362-358, 20; *Aug. 372, 380, 372, 10; Oct. 372, 375,* 370, 1; Dec. 372, 375, nil, nil; Jan. 372, 378, nil, nil; March 373, 382, nil, nil; May 374, 385, nil, nil; Aug. 378, 380, nil, nil; Oct. 378, 390, nil, nil. Sales 31.

SYDNEY GREASY WOOL—Close (in order *buyer, seller, business, sales*). Australian cents per pound. May 436.00, 439.00, 440.0-430.0, 46; July 446.00, 448.00, 449.0-438.0, 432; Oct. 451.00, 452.00, 455.0-448.0, 255; Dec. 454.00, 456.00, 457.3-450.5, 285; March 436.00, 464.00, 466.0-460.0, 69; May *465.00, 467.00, 468.0-463.0, 42;* July 469.00, 471.00, 470.0-468.0, 39; Oct. 469.00, 471.00, 471.0-467.0, 14. Sales: 1,182.

HIDES—Manchester: Slightly op. Second clears. Ox, 31-35.5 kilos, 26.6p a kilo (23.5p) a kilo withdrawn; 26-30.5 *kilos, 30p (29.p a kilo withdrawn);* 22-25.5 kilos, 37p (37p a kilo withdrawn). Light cows 31.7p (31.6p a kilo withdrawn).

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod *£4.50-£5.00, codlings £2.60-£3.40.* Large haddock £3.50-£4.00, medium £3.30-£4.00, small £1.80-£2.20. Medium plaice £3.80-£4.50, best small £3.50-£4.00. Skinned dogfish (large) £9.00, medium £5.00. Lemon soles (large) £8.00, medium £7.00. Saithe £2.00.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 69.0 to 74.0; Eire hindquarters 84.0 to 88.0, forequarters 49.0 to 52.0. Lamb: English small, new season, 78.0 to 84.0. Hoggets: English *44.0 to 56.0; Scottish* 44.0 to 56.0. Pork: English, under 100 lb 44.0 to 50.0, 100-120 lb 40.0 to 48.0, 120-180 lb *41.0 to 46.0.*

MEAT COMMISSION—Average fatstock prices at representative markets on May 8. GB cattle 65.49p per kg lw (−0.14); UK sheep 140.2p per kg est dcw (+1.3); GB pigs 73.2p per kg lw (+3.8).

COVENT GARDEN—Prices in *sterling* per package, except where otherwise stated. Imported Produce: Oranges—Spania: Vernas 3.80-4.20, Bloods 3.50-*3.60; Jaffa: Valencia Lates* 50/189's 4.40-5.60; Egyptian: Valencia Lates 75/125's 3.00; Moroccan: 54/113's 4.20-4.80; Cyprus: Valencia Lates 3.50-5.80. Ortaniques—Jamaican: 54/126's 4.00-4.50. Lemons—Italian: 100/150's 4.50-4.85; Spania: Trays 25/46's 1.80-2.40, boxes 4.20-5.20. Grapefruit—Cyprus: 20 kg 4.00-5.40; Jaffa: Large boxes 32/88's 4.15-5.05. Mineolas—Californian: Approx. 20 lb 54/90's 4.30-4.50. Apples—Argentine: Red Delicious 150's 6.40; New Zealand: Cox's Orange Pippins 9.40-9.60; Tasmanian: Cox's Orange Pippins 9.30-9.60; Chilean: Granny Smith large boxes 125/150's 7.70; S. African: Golden Delicious 7.20-7.60, Starking 7.90-9.30, White Winters 125/180's 7.20-7.60, Granny Smith 7.80-8.20; French: Golden Delicious, boxes 40 lb 138/175's 4.00-4.50, 20 lb 2.00-2.80, Starkcrimson 125/150's 7.20; Italian: Jonathans 0.10½, Romes 0.11. Pears—S. African: Approx. 34 lb Beurre Bosc 5.80-6.00, Packham's 7.50-8.00; Italian: Passacrassana 12 lb 1.80. Grapes—S. African: Barlinka 4.40, Golden Hill 8.00; Almeria 8.00. Strawberries—Per punnet, Californian: 0.80; Italian: 0.30-0.35; Portuguese: 0.30-0.35. Melons—Israeli: Yellow 10's 10.00; Chilean: Green 15.00, White 10.00. Avocados—S. African: 6.60-3.80. Pineapples—Ivory Coast: Each 12's 0.45-0.80, 6's 1.00; *S. African: 8/9's* 2.70-3.00. Bananas—Jamaican: 28 lb, per pound 0.17-0.16. Tomatoes—Canary: 2.50-3.30; Dutch: 4.00-4.20; Guernsey: 4.00-4.40; Jersey: 3.80-4.00. Onions—Canadian: 50 lb 4.80; Chilean: 4.80-5.20; Tasmanian: 20 kg 5.40; Dutch: 5.00-5.50; Canary: 5.00-6.20. Chicory—Belgian: 5 lb 2.40. Potatoes—Egyptian: King Edwards 3.80-4.00; Cyprus: New crop 20 kg 4.30; Jersey: Per pound 0.45; Italian: 55 lb 5.20, Materos 5.20, Valencias 5.20. Carrots—Dutch: 10 kg 3.80; American: Pre-pack 48 x 1 lb 7.00; Cyprus: 2.20-2.40. Capsicums—Canary: 8 kilos 1.50-2.50; Dutch: 4.50. Beetroots—Cyprus: New crop, approx. 28 lb 3.50. Celery—American: 24/30's 6.20-8.50.

English Produce: Potatoes—Per bag 2.30-2.80. Mushrooms—Per pound 0.50-0.65. Apples—Per pound Bramley 0.10-0.16, Laxtons 0.12-0.13. Pears—Per pound Conference 0.12-0.18. Swedes—Per 25/16 lb 0.60-0.70. Turnips—Per 28 lb 1.20. Carrots—Per bag 1.80-2.40. Cabbages—Per bag 1.20. Lettuce—Per 12 1.50. Cauliflowers—Per 12's English 1.60-2.40. Cucumbers—Trays 16/20's 2.20-2.80, prepack 18/20's [illegible]. Tomatoes—Per pound 0.30-0.38. Lettuce—Per 12 round 0.90-1.00. Rhubarb—Per pound outdoor 0.04-0.05. Onions—Per bag 5.50-6.00. Beetroots—Per 28 lb 1.00. Celery—[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	May 8 1980	+ or −	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1780/1810	......	$1870/90
Copper			
Cash w'bar	£898	+20.5	£957
3 mths	£920.25	+16.75	£986.5
Cash Cathode	£880.5	+17	£929.5
3 mths	£901.5	+17	£953
Gold troy oz	$513.5	+5	$587.5
Lead cash	£348.5	−10.5	£464
3 mths	£353	−12.75	£446.5
Nickel	£3,355	......	£3,477
Freemkt(cif)(lb)	266/305c	......	288/315c
Platin'm tr'y oz	£189-193	......	£189/193
Free mkt	£248.60	+5.55	£279.30
Quicksil'ver†	$380/390	−5	$405/415
Silver troy oz	579.40p	+23.9	709.6p
3 months	598.90p	+25.5	729.3p
Tin Cash	£7,467.5	+42.5	£7,670
3 mths	£7,447.5	−17.5	£7,757.5
Tungsten22.04lb	$144.50	......	$141.14
Wolfrm 22.04 lbs	$138/143	......	$144/148
Zinc cash	£297	−2	£343.5
3 months	£308.5	−1.25	£353.5
Producers	$780-825	......	$825
Oils			
Coconut (Phil)	$600t	+15	$705
Groundnut	‡		‡
Linseed Crude	£287	......	£456
Palm Malayan	$570x	+8.5	$610
Seeds			
Copra Philip	$365	+5	$465
Soyabean(U.S.)	$266.10z	−0.50	$287
Grains			
Barley Futures	£91.10	−0.05	£90.45
Maize			
French No3AM	‡	......	‡
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	‡	......	‡
Eng. Millingt	‡	......	‡
Other commodities			
Cocoa ship't	£1,270	+18	£1,408
Future July	£1,234.5	+18.5	£1,327
CoffeeF't'r July	£1,709	−5.5	£1,584.5
Cotton A.Index	88.40c	......	91c
Rubber (kilo)	61p	−1	66p
Sugar (Raw)	£304	+22	£224
Wooltp's 64s kl	302p kilo	......	297p kilo

u June. a May. 1 May-June. w Aug. e July. z Indicator. § Buyer. ‡ Per 76-lb flask.

AMERICAN MARKETS

NEW YORK, May 8.

THE LIVESTOCK complex was mixed with cattle sharply higher and hogs and bellies suffering a setback in reaction to cash market offerings. Wheat closed *mixed* while maize and soyabeans rallied in response to adverse planting weather. Sugar was up the limit on reports of delays in Soviet plantings. Cotton closed higher on short-covering and good trade demand. Cocoa short-covering advanced the market. Coffee buying by producing countries firmed up prices. Anticipation of a favourable producer price index put pressure on precious metals despite an early bullish reaction to the IMF auction, both copper and gold declined, reported Heinold.

Copper—May 88.90 (81.00), June 87.40 (91.50), July 88.30-88.50, Sept. 90.20, Dec. 92.00-92.50, Jan. 92.80, March 94.00, May 95.20, July 96.40, Sept. 97.80, Dec. 99.40, Jan. 100.00, March 101.20. Sales: 5,500.

Potatoes (round whites)—Nov. 73.3-73.5 (72.4). Sales: 80.

¶Silver—May 1290.0 (1315.0), June 1298.0 (1320.0), July 1305.0-1320.0, Sept. 1342.0, *Dec.* 1373.5, Jan. 1386.0, March 1411.0, May 1435.5, July 1460.0, Sept. 1484.5, Dec. 1521.5, Jan. 1534.0, March 1559.0. Sales: 1,000. Handy and Harman bullion spot 1305.00 (1280.00).

Tin—780.00-794.00 asked (785.00-798.00).

CHICAGO, May 8.

Lard—Chicago loose 18.00 (same). New York prime steam unavailable.

Live Cattle—June 66.32 (64.82), Aug. 66.40 (64.90), Oct. 65.00-64.85, Dec. 65.40-65.25, Jan. 65.96, Feb. 65.90, April 66.30.

Live Hogs—June 34.55-34.45 (35.10), July 36.10-36.20 (36.50), Aug. 35.75-35.80, Oct. 36.40-36.35, Dec. 38.70, Feb. 42.55, April 41.50, June 44.95, July 44.30.

‡‡Maize—May 275½-276¼ (271¼), July 285-284½ (281¼), Sept. 295-294½, Dec. 302-303, March 314¼-314½, May 322¼.

Pork Bellies—May 32.70-32.75 (33.62), July 34.00-33.75 (34.85), Aug. 33.40-33.30, Feb. 47.45, March 47.45, May 48.00, July 48.80, Aug. 47.80.

Silver—May 1290.0 (1310.0), June 1298.0 (1318.0), July ——, Aug. 1325.0, Oct. 1350.0, Dec. 1375.0, Feb. 1400.0, April 1425.0, June 1450.0, Aug. 1475.0, Oct. 1500.0, Dec. ——, Feb. 1550.0, April 1575.0, June 1600.0, Aug. 1625.0, *Oct.* ——.

†Soyabeans—May 616½-617 (609½), July 633-631 (625¾), Aug. 640½, Sept. 649-648, Nov. 663-662, Jan. 676½-677½, March 692, May 701.

‖Soyabean Meal—May 172.0 (170.2), July 177.7-178.0 (176.5), Aug. 180.7-180.9, Sept. 182.5-183.0, *Oct.* 185.5, Dec. 188.7-190.0, Jan. 191.5-191.8, March 196.0, May 199.5-200.6, July 204.0-205.0.

Soyabean Oil — May 20.68-20.65 (20.36), July 21.10-21.18 (20.77), Aug. 21.32-21.40, Sept. 21.55, Oct. 21.75-21.80, Dec. 22.05-22.10, Jan. 22.20, March 22.55, May 22.85, July 23.05-23.15.

†Wheat—May 423 (423), July 431½-432½ (432), *Sept.* 446½-446, *Dec.* 463½-464, March 478½, May 484.

WINNIPEG, May 8. §Barley—May 117.80 (116.00), July 116.30 (117.90), Oct. 119.50, Dec. 118.00, March 118.00.

All cents per pound ex-warehouse unless otherwise stated. *$ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ *$ per 1,000 sq. feet.* ‡ *Cents per* dozen.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 224.03.

INDICES

FINANCIAL TIMES

May 7	May 6	M'nth ago	Year ago
276.46	273.07	221.17	268.44

(Base: July 1, 1952=100)

MOODY'S

May 7	May 6	M'nth ago	Year ago
1111.0	1107.8	1146.3	1064.6

(December 31, 1931=100)

DOW JONES

Dow Jones	May 7	May 6	Month ago	Year ago
Spot	444.22	426.77	416.20	398.91
F'tur's	440.89	433.44	429.95	396.54

(Average 1924-25-26=100)

REUTERS

May 8	May 7	M'nth ago	Year ago
1710.2	1692.1	1722.9	1567.0

(Base: September 18, 1931=100)

EUROPEAN MARKETS

ROTTERDAM, May 8.

Wheat—U.S. No. 2 Red Winter June $191, July $188, Aug. $192. U.S. No. 2 Northern Spring, 14 per cent, May $200, June $200, July $200, Aug. $203, Sept. $206. Rest unquoted.

Maize—Afloat $138, May $137.50, June $137.50, July-Sept. *$142,* Oct.-Dec. $147.50, Jan.-March $154.

Soyabeans—U.S. Two Yellow Gulf ports May $260, June $259.75, July $261.50, Aug. $265, Sept. $269, Oct. $270, Nov. $270, Dec. $275.25, Jan. $281, Feb. $285.50, March $287.50 sellers. *Argentine* June $259.50 quoted, Aug. $263.30 sellers.

Soyameal—44 per *cent* protein U.S. afloat $231, May $225, June-Sept. $228, Nov.-March $243. Brazil Pellets afloat $237, June-July $232, Aug. $234, Sept. $237, Nov.-March $253.

PARIS, May 8.

Cocoa (FFr per 100 kilos)—May 1155-1165, July 1290, Sept. 1220-1230, Dec. 1230-1245, March 1250, May 1270, [illegible]

Sugar (FFr per 100 kilos)—[illegible]

Soya output forecast up

ROME—World soyabean production in 1979-80 is expected to rise to 93.9m tonnes from 82.2m tonnes the previous season, the UN Food and Agriculture Organisation, FAO, said.

The projected increase is due to a sharp rise in the U.S. crop to 61.7m tonnes from 50.9m, following record plantings and yields, and to a steep increase in Brazil's crop to 15.3m tonnes from 10.3m, FAO said.

Chancellor dashes hopes of early fall in MLR
Gilt-edged down again and leading equities follow

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 28	May 8	May 9	May 19
May 12	May 28	May 30	June 9
June 2	June 12	June 13	June 23

* "New time" dealings may take place from 9 am two business days earlier.

The Chancellor's overnight warning of no premature lowering of Minimum Lending Rate dampened recent optimism on this score yesterday and led to an extension of Wednesday's easier trend throughout London stock markets. Some applications for the new medium tap stock Exchequer 13¼ per cent 1987 were withdrawn at the last minute on consideration of Sir Geoffrey Howe's remarks, and the late-morning announcement that applications for the stock had been allotted in full at the minimum tender price of 96 caused little surprise.

Short-dated Government stocks encountered considerable selling for about an hour, but the resulting falls were reduced following news of the deferment of the recall of special deposits and the extension of the gilt sale and repurchase facility to clearing banks. Subsequent attempts to rally faded, however, and the shorts finally reverted to the session's lowest to record falls ranging to ⅜.

After being similar easier, medium and longer issues picked up in a moderate two-way trade to close around ¼ down; the partly-paid Treasury 13¾ per cent 2004-08 slipped ⅜ to 21¼. Dealings in the new medium tap stock begin this morning and the stock is expected to open at a slight discount in £20-paid form.

Sentiment in equities was also affected by the ruling out of any cut in MLR in the short-term and leading shares again took their cue from the easier Gilt market. The above-mentioned measures, which should help market liquidity, tended to cushion the fall and, additionally, some equity sectors were later influenced by a renewed burst of activity in Oils. Several stocks here regained early losses and closed well up on the day. Measuring the overall trend, however, the FT 30-share index lost 2.7 more to 436.7 after having been 3.9 down at 11.00 am.

Of the meagre total of 297 Traded option contracts completed yesterday, 182 were done in Land Securities ahead of the preliminary results due on May 19.

Royal Bank fall

Royal Bank of Scotland fell 5 to 80p on acute disappointment with interim profits more than £10m below market expectations. The other major clearers lacked a decided trend with Barclays closing 3 dearer at 428p and NatWest 2 easier at 325p; the former yesterday announced that it is freezing its personal account charges tariff until the end of 1980. Discounts eased afresh in sympathy with gilts but Seccombe Marshall and Campion, at 235p, recorded an above-average fall of 15 following disappointing annual figures. Firm of late on investment support, Hambros gave up 7 to 396p on profit-taking in merchant banks where Kleinwort Benson relinquished 4 to 144p. The Chancellor's statement on interest rates unsettled Hire Purchases. Provident Financial gave up 3 to 115p and UDT dipped 2 to 54p, while Wagon Finance lost the turn to 39p.

Insurances displayed no set trend after a moderate business. Among Lloyds brokers, Minet edged forward 2 to 99p but Christopher Moran eased 2 to 25p and Willis Faber gave up 3 to 220p.

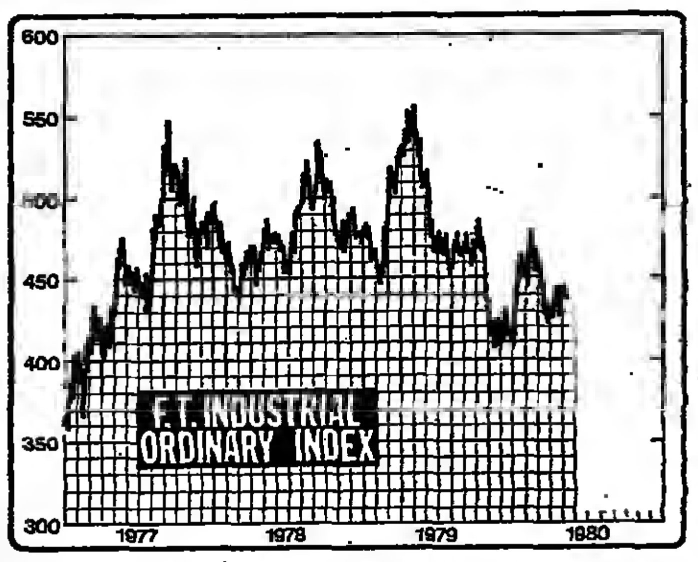
Adverse comment in a provincial newspaper caused dullness in Distillers which gave up 6 to 202p. Breweries were extremely quiet and, apart from Higsons, up 2 at 85p following the interim figures, closed with no noteworthy movements.

Leading Building issues encountered sporadic selling which left BPB 7 cheaper at 182p and Blue Circle 2 off at 318p. Still unsettled by comment on the preliminary results, Costain shed 4 more to 136p. John Mowlem also lost 4, to 98p; Wimpey has sold its 10.8 per cent stake in the company. Elsewhere, C. H. Pearce firmed 10 to 420p in response to good half-yearly results, but lower annual profits left falls of a couple of pence against Hoveringham, 70p, and the restricted voting, 67p. The satisfactory interim performance made no apparent impact on Bellway which held at 72p, but Erith hardened a penny to 125p on the chairman's confident annual statement. In Timbers, Mallinson-Denny firmed 2½ to 67½p on new-time interest. Leyland Paint came in for support and added 2 to 38p, but Manders, a rising market of late on speculative buying, shed that much to 148p.

ICI slipped to 374p before reverting to the overnight level of 378p.

Polly Peck revive

A resurgence of speculative buying on revived hopes of an asset injection helped Polly Peck feature Stores with a leap of 8 to 37p. Caird and Sons added 15 to 145p after demand in a thin market, while Lee Cooper improved 4 to 264p for a similar reason. An erratic market of late on suggestions that the group is about to sell its retailing operations, Kitchen Queen ran into nervous selling and fell 2 to 15p, after 13p, on talk that a statement is imminent. Grattan Warehouses gave up 4 to 58p and Comet Radiovision Services cheapened 3 to 92p. With the exception of Marks and Spencer, which hardened a penny to 89p on further consideration of the results, the leaders drifted lower on lack of support. Profit-taking in the wake of the good rise on the better-than-expected results prompted a fall of 4 to 248p in Mothercare, while British Home sustained a similar fall at 282p; the latter's preliminary figures are due next Monday.



Electrical leaders fluctuated narrowly before settling with small mixed movements. Among secondary issues, revived speculative support lifted Pifco 7 to 135p. On the other hand, Ferranti came on offer and shed 9 to 505p, while Automated Security gave up 7 to 226p. Still reflecting adverse Press mention, Farnell and Unitech eased 2 more to the common price of 292p.

Engineering leaders continued to drift lower, Hawker easing 4 more to 176p and GKN 4 further to 268p. Elsewhere, Frederick Cooper firmed 2 to 32p in response to the increased interim dividend and profits and proposed one-for-three scrip issue. Despite sharply lower annual profits, Porter Chadburn closed 5 dearer at 59p, but BHP, 103p, and Serck, 52p, eased a penny apiece following the respective interim figures. Still reflecting favourable Press mention, Spear and Jackson firmed 4 more to 112p. Other bright spots included Spirax-Sarco, up 3 at 199p, and Wagon Industrial, 5 higher at 165p. By way of contrast, scattered offerings left Babcock 5 lower at 92p and Whessoe, still on the sharp fall in interim profits, gave up 2 more to 50p.

Among Food Retailers, Associated Dairies eased 4 to 180p and Tesco a fraction to 58p, but J. Sainsbury, at 320p, retained the previous day's gain of 16 that followed the better-than-expected preliminary results. Hillards and William Low shed 5 apiece to 1980 lows of 138p and 110p respectively. Elsewhere, British Sugar were unmoved at 181p by the interim results, but Clifford's Dairies A dropped to 90p before settling at 84p for a net fall of 4 on the vote by shareholders to proceed with the rights issue which will frustrate Unigate's bid for the company. Reflecting demand that developed late on Wednesday, Lockwoods put on 6 to 82p, but confectioners Bluebird, 48p, and Needlers, 38p, both lost 4 on small selling.

Bestobell better

Miscellaneous industrial leaders drifted lower in sympathy with gilts following the Chancellor's remarks on MLR. Reckitt and Colman declined 4 to 172p and Pilkington relinquished 3 to 205p as did Unilever, to 410p. Elsewhere, LK Industrial Investments became a late casualty at 19p, down 4, following the annual deficit final dividend omission, while Wood Hall Trust cheapened 1½ to 94½p on the results and Hawton eased a penny to 12½p on the static profits. By way of contrast, Bestobell rose 7 to 245p in response to the chairman's encouraging statement and Sandhurst Marketing gained 5 to 73p after the favourable results and proposed 1-for-3 scrip issue. The more-than-doubled first-half profits outweighed the omission of an interim dividend in Hawkins and Tipson which rallied to close 2½ better on balance at 31p after having touched 28p. Centreway added 6 to 137p, while George Ewer hardened a fraction more to 49½p on further consideration of the previous day's disclosure that T. Cowie is considering bidding for the outstanding shares it does not already own.

Among Garages, Lex shed 4 to 80p, after 79p, on the chairman's warning about the slowdown in new car registrations.

Dull at the outset on the Chancellor's decision to maintain high interest rates until the money supply situation becomes clearer, Properties picked up as the pressure eased and closed only marginally lower on balance. Land Securities touched 332p before settling just a penny off on balance at 337p and MEPC finished only a couple of pence cheaper at 215p. Percy Bilton became a late dull spot, falling 11 to 235p, following an asset revaluation that failed to match estimates, while speculative counters Daejan, 141p, and Dorrington 90p, eased 4 and 2 respectively.

Oils recover

Oil shares soon responded to fresh buying interest after the previous day's bout of profit-taking. Trading conditions were a little uncertain at the start, but buyers regained confidence fairly quickly and at the close of business quotations recorded some substantial gains. Berkeley Exploration were outstanding at 165p, up 21, in response to favourable Press mention. Revived speculative support lifted Lasmo 23 to 628p, while Siebens gained 40 to 840p and Clyde 31 to 515p. Awaiting today's first quarter figures, Ultramar ended 16 to the good at 680p.

Small falls predominated in Trusts. Dealings were temporarily suspended in Westpool at 106p; the company announced yesterday that it had entered into an agreement to acquire a controlling interest in London Merchant Securities, unaltered at 125p. Among Financials, Robert Kitchen Taylor, a good market of late, reacted 8 to 157p, while Centreway also came on offer and fell 10 to 135p.

Shippings were inclined easier. Overnight consideration of the preliminary results left P and O Deferred 3 cheaper at 120p. Ocean Transport eased 4 to 115p and Lofs 2 to 31½p.

Among Textiles, the quotation for Small and Tidmas was widened and lowered 10 to 60p following the chairman's gloomy statement on the outlook.

Subdued Mines

For the third day running this week trading on the mining markets was subdued, with interest confined to special situations. The tone among Financial stocks was firm, however.

Among London issues, Rio Tinto-Zinc ran into buying in advance of gains ex-dividend next Monday and the shares rose 10 to 358p. Consolidated Gold Fields recovered after recent weakness with a gain of 12 to 460p, but the shares touched 448p at one stage.

Following publication of the annual report, Selection Trust continued to draw strength from North Sea interests and firmed 4 to 624p. Tanks, influenced by the same factors, closed 2 higher at 264p.

South African Financials were quietly firm, with De Beers 4 higher at 388p. They took their tone from Golds, where gains were widespread as the bullion price moved higher, to close at $516.50 an ounce for a gain on the day of $6. The Gold Mines Index was 2.5 higher at 294.8.

The IMF auction on Wednesday was about four times over-subscribed and this helped hold prices steady. There was spasmodic U.S. buying and Johannesburg investors were sometimes evident seeking cheap bargains.

Among the heavily-priced issues, West Driefontein and Vaal Reefs ended ¼ higher at £31¾ and £23⅞ respectively.

Tins were a firm, although not very active, market. Prices were adjusted to reflect movements in the Far East, with Malayan Dredging the main feature as the price rose 35 to 625p. Beralt Tin shed 4 to 42p in front of the announcement of substantially increased annual profits.

Australians followed Sydney's overnight flat performance. One of the few features was North West Mining, which put on 3 to 43p on consideration of its oil exploration interests; Haoma, its associate, closed 1 harder at 46p.

FINANCIAL TIMES STOCK INDICES

—	May 8	May 7	May 6	May 2	May 1	Apr. 30	A year ago
Government Secs.	67.54	67.84	68.26	67.70	67.27	67.22	73.82
Fixed Interest	67.44	67.53	67.68	67.42	67.20	67.07	75.32
Industrial	436.7	439.4	444.9	443.6	443.2	440.4	532.7
Gold Mines	294.8	292.3	296.4	297.3	295.4	301.4	165.2
Ord. Div. Yield	8.11	8.06	7.92	7.95	7.97	8.00	5.45
Earnings, Yld. % (full)	19.65	19.01	19.35	19.43	19.47	19.56	14.60
P/E Ratio (net) (*)	6.11	6.19	6.27	6.25	6.25	6.20	8.80
Total bargains	19,953	18,442	20,245	17,794	18,066	19,995	—
Equity turnover £m	—	65.14	87.66	98.98	102.27	103.45	81.21
Equity bargains total	—	13,318	13,701	13,278	10,031	15,061	14,611

10 am 437.4. 11 am 436.5. Noon 435.9. 1 pm 436.1. 2 pm 436.1. 3 pm 436.1.

Latest Index 01-246 8026.

* Nil=5.73.

Basis 100 Govt. Secs. 15/10/26. Fixed. Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.26 (21/1)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.61 (21/1)	64.70 (10/3)	150.4 (28/11/47)	50.36 (3/1/75)
Ind. Ord.	478.8 (13/2)	406.2 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	677.8 (28/2)	205.0 (10/3)	442.3 (22/5/75)	43.5 (26/10 71)

S.E. ACTIVITY

	May 8	May 7
—Daily		
Gilt Edged	116.0	138.4
Industrials	97.7	108.5
Speculative	23.5	36.4
Totals	73.4	80.4
5-day Avrge.		
Gilt Edged	127.0	126.1
Industrials	108.6	109.7
Speculative	30.6	30.0
Totals	81.2	81.4

NEW HIGHS AND LOWS FOR 1980

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (46)

BRITISH FUNDS (5)
Exchqr. 13pc 1980 Treas. 3pc 1982
Treas. 11½pc 1981 Exchqr. 3pc 1983
Exchqr. 3pc 1981

AMERICANS (4)
Chase Manhattan Gillette
Chesebrough-Ponds Morgan (J. P.)

BANKS (2)
Bank Leumi Brown & Shipley

BEERS (1)
Boddingtons

BUILDINGS (2)
Aberdeen Constr. Lovell (Y. J.)

CHEMICALS (1)
Hoechst 10pc Uns. Ln.

STORES (3)
Northern Goldsmiths S. & U Stores
Polly Peck

ELECTRICALS (2)
Lec Refrigeration Standard Tel. Cables

ENGINEERING (3)
Spirax-Sarco Wagon Industrial
Staveley Inds.

INDUSTRIALS (7)
Bestobell Rockware
Brammer (H.) Sandhurst Marketing
Cawoods Third Mile
Crest Nicholson

INSURANCE (1)
General Accident

PROPERTY (1)
Fairview Estates

SHIPPING (2)
Furness Withy Lyle Shipping

TRUSTS (4)
Dualvest Cap. Viking Resources
Tor Inv. Cap. Mercantile House

OIL & GAS (7)
Berkeley Explrtn. LASMO
Clyde Petroleum Premier Cons.
Edinburgh Secs. Ultramar
KCA

OVERSEAS TRADERS (1)
Finlay (James)

NEW LOWS (45)

CANADIANS (1)
Inco

BANKS (2)
Bank of Ireland Comml. Bk. Australia

STORES (3)
Bolton Textile Wilkinson Warburton
Grattan Warehouses

ELECTRICALS (1)
Brocks

ENGINEERING (2)
Ratcliffs (G.B.) Whessoe

FOODS (7)
Bassett (G.) Hillards
Bishop's Stores A Low (Wm.)
Bluebird Confectny. Squirrel Horn
Carr's Milling

HOTELS (1)
Wheelers

INDUSTRIALS (11)
Alpine Holdings Nathan (B. & I.)
Emray R.F.D.
Gomme Stonehill
L.K. Industl. Invs. Uniflex
Lons & Hambly Wood Hall
Marshall's Universal

LEISURE (2)
Coral Leisure Saga Holidays

MOTORS (4)
Rolls-Royce BSG
Alexanders Lex Service

PAPER (1)
Bunzl Pulp

SHIPPING (1)
Milford Docks

TEXTILES (2)
Carrington Vivella Small & Tidmas

OVERSEAS TRADERS (1)
Lonrho

RUBBERS (1)
Harrisons Malay. Ests.

MINES (5)
Leslie Beralt Tin
Zambia Copper Tanjong
Oakbridge

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	8	75	8
Cor. Dom. & Fr. B.	4	14	48
Industrials	133	344	914
Financial and Prop.	57	136	309
Oils	21	7	22
Plantations	5	1	21
Mines	55	30	70
Others	63	32	43
Totals	344	639	1,435

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
Com. Union	140	6	4	13	1	17	4	134p
Cons. Gold	280	182	16	—	—	—	—	455p
Cons. Gold	300	162	18	—	—	—	—	"
Cons. Gold	500	18	1	32	—	56	—	"
Grand Met.	130	7½	8	12½	—	18	—	126p
Grand Met.	140	3½	3	7½	6	—	—	"
ICI	380	34	3	45	—	67	—	378p
Land Secs.	300	48	81	62	—	74	—	338p
Land Secs.	330	27	5	38	50	54	—	"
Land Secs.	360	9	46	23	—	37	—	"
Marks & Sp.	90	5	—	8½	5	18	—	88p
Shell	330	44	—	56	4	64	—	354p
Shell	420	3	—	8	17	—	—	"
Totals			172		6		4	

Option	Ex'rcise price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
Racal Elec.	300	46	10	63	—	63	—	244p
Racal Elec.	280	96	—	36	—	49	10	"
Racal Elec.	240	9	2	23	5	35	—	"
RTZ	360	8	7	23	—	40	1	358p
RTZ	390	1½	—	14	3	30	—	"
Totals			19		8		11	

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., May 8, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., May 7 Index No.	Tues., May 6 Index No.	Fri., May 2 Index No.	Thur., May 1 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	238.62	−0.4	18.47	6.71	6.73	239.66	241.58	240.79	240.53	281.51
2	Building Materials (28)	235.37	−0.7	18.00	6.92	6.89	237.03	238.01	236.54	238.91	264.81
3	Contracting, Construction (27)	351.91	−0.5	26.34	6.85	4.57	353.63	356.57	354.36	354.80	439.19
4	Electricals (16)	629.75	+0.3	13.20	4.01	9.87	627.89	633.90	633.16	625.70	679.92
5	Engineering Contractors (11)	278.89	−1.3	24.03	9.29	5.34	282.50	285.52	285.33	284.54	414.10
6	Mechanical Engineering (74)	158.28	−0.9	21.32	8.28	5.74	159.68	160.86	160.53	161.11	207.82
8	Metals and Metal Forming (16)	164.47	−0.8	21.01	9.93	5.76	165.85	167.63	166.79	166.56	187.77
11	CONSUMER GOODS (DURABLE) (49)	216.79	−0.3	15.17	5.90	8.08	217.42	219.19	218.24	217.81	255.07
12	Lt. Electronics, Radio, TV (14)	312.25	−0.2	11.69	4.25	10.93	312.95	315.71	315.00	314.66	345.48
13	Household Goods (14)	106.87	−0.7	27.66	10.39	4.27	107.67	107.80	107.06	105.14	177.62
14	Motors and Distributors (21)	103.82	−0.4	22.36	9.60	5.22	104.22	105.02	104.01	103.89	132.65
21	CONSUMER GOODS (NON-DURABLE) (173)	217.50	−0.9	18.81	7.26	6.45	219.38	220.66	219.75	218.80	263.07
22	Breweries (14)	279.45	−0.8	15.84	6.29	7.42	281.70	282.35	279.37	276.15	298.10
23	Wines and Spirits (5)	299.31	−2.3	18.20	6.24	6.77	306.41	308.78	308.07	306.13	336.82
24	Entertainment, Catering (17)	294.22	−0.9	19.23	7.38	6.39	296.75	296.45	297.68	294.11	360.50
25	Food Manufacturers (21)	191.56	−0.8	20.49	7.69	5.73	193.06	194.00	193.61	192.26	231.71
26	Food Retailing (13)	299.87	−1.2	14.43	5.09	8.22	303.44	299.38	297.80	296.51	320.48
32	Newspapers, Publishing (13)	403.28	−0.9	23.92	7.25	5.64	406.84	406.28	399.05	399.37	487.92
33	Packaging and Paper (15)	130.96	−0.4	24.69	6.94	4.97	131.52	132.59	133.24	133.66	151.77
34	Stores (43)	213.78	−0.4	14.40	5.62	8.96	214.66	216.90	215.47	216.12	267.63
35	Textiles (24)	124.13	−0.4	28.72	12.45	4.34	124.67	125.49	125.08	125.16	185.01
36	Tobaccos (3)	207.54	−1.9	28.06	11.83	4.04	211.50	214.96	214.47	211.70	274.71
37	Toys and Games (5)	30.96	−1.1	48.57	15.67	2.53	31.31	31.50	31.31	32.19	80.26
41	OTHER GROUPS (98)	203.38	−0.3	17.69	7.35	6.72	204.00	205.77	204.22	202.99	230.52
42	Chemicals (16)	304.26	−0.1	20.35	7.88	5.62	304.42	306.60	303.62	300.35	328.59
43	Pharmaceutical Products (7)	187.64	−0.4	13.42	7.13	9.04	188.39	191.04	189.79	189.82	257.49
44	Office Equipment (6)	111.19	−0.5	19.21	7.46	6.01	111.70	113.46	112.48	112.69	147.64
45	Shipping (10)	507.12	−1.6	13.13	6.97	9.29	515.48	512.09	511.00	508.23	464.06
46	Miscellaneous (59)	244.73	−0.3	17.49	6.99	7.06	245.59	247.62	245.97	244.59	268.53
49	INDUSTRIAL GROUP (492)	226.34	−0.6	18.19	7.04	6.68	227.67	229.30	228.21	227.36	267.25
51	Oils (8)	726.03	−0.2	31.70	7.10	3.48	727.73	726.29	725.90	729.19	689.21
59	500 SHARE INDEX	265.96	−0.5	20.96	7.05	5.62	267.32	268.74	267.69	267.15	301.68
61	FINANCIAL GROUP (118)	202.12	−0.4	—	6.08	—	202.92	204.39	202.86	201.40	225.70
62	Banks (6)	213.56	−0.3	45.85	7.21	2.67	214.13	215.85	215.32	212.37	252.75
63	Discount Houses (10)	244.48	−1.3	—	7.85	—	247.61	250.48	247.43	243.00	269.20
64	Hire Purchase (5)	208.01	−1.5	15.79	4.77	8.22	211.27	212.37	209.37	207.93	206.01
65	Insurance (Life) (10)	182.11	—	—	6.99	—	182.10	183.66	182.10	182.10	175.25
66	Insurance (Composite) (9)	131.33	−0.2	—	8.19	—	131.57	132.47	130.74	130.61	153.85
67	Insurance Brokers (10)	296.42	—	15.96	6.91	8.71	296.55	300.36	299.30	298.88	324.68
68	Merchant Banks (14)	105.38	−0.5	—	5.92	—	105.87	105.70	105.27	103.39	189.92
69	Property (45)	399.59	−0.8	3.32	2.74	42.88	402.66	406.50	403.15	400.06	371.87
70	Miscellaneous (9)	129.16	−0.3	20.41	7.29	6.22	129.61	128.33	127.43	126.21	132.60
71	Investment Trusts (109)	216.47	−0.1	—	6.15	—	216.63	216.88	214.95	215.21	248.68
81	Mining Finance (4)	181.95	+2.3	14.61	5.42	8.29	177.80	180.71	180.97	182.90	141.73
91	Overseas Traders (19)	378.16	−0.1	13.26	7.14	9.22	378.50	379.11	380.12	380.20	372.37
99	ALL-SHARE INDEX (750)	250.39	−0.4	—	6.78	—	251.35	252.76	251.62	251.01	277.60

FIXED INTEREST PRICE INDICES

	British Government	Thur., May 8	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	103.03	−0.27	—	3.86
2	5-15 years	107.94	−0.48	—	3.97
3	Over 15 years	111.72	−0.52	—	4.81
4	Irredeemables	128.52	+0.05	—	6.08
5	All stocks	107.25	−0.41	—	4.21

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thur., May 8	Wed., May 7	Year ago (approx.)
1	Low Coupons	5 years	12.32	12.24	9.46
2		15 years	12.23	12.15	10.25
3		25 years	12.23	12.15	10.82
4	Medium Coupons	5 years	14.18	13.99	10.95
5		15 years	13.93	13.81	11.52
6		25 years	13.70	13.64	11.72
7	High Coupons	5 years	14.24	14.11	11.35
8		15 years	14.21	14.11	11.92
9		25 years	14.18	14.11	11.99
10	Irredeemables		11.32	11.32	10.66

		Thur., May 8 Index No.	Thur., May 8 Yield %	Wed. May 7	Tues. May 6	Fri. May 2	Thur. May 1	Wed. April 30	Tues. April 29	Mon. April 28	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	50.65	†14.60	50.70	50.66	50.47	50.42	50.42	50.10	50.10	61.57
16	Investment Trust Prefs. (15)	47.69	14.14	47.69	47.69	47.48	47.48	47.48	47.62	47.62	62.03
17	Coml. and Indl. Prefs. (20)	61.59	14.68	61.56	61.49	61.34	61.27	61.66	61.64	61.61	75.38

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
LASMO	25p	18	628	+23	628	337
Premier Cons.	5p	10	94	+ 1	94	39½
Burmah Oil	£1	9	210	+ 4	249	162
Shell Transport	25p	8	352	+ 2	410	314
Carless Capel	10p	7	140	+ 3	142	75
De Beers Defd.	R0.05	7	388	+ 4	553	368
Tricentrol	25p	7	344	—	344	250
Ultramar	25p	7	680	+16	680	412
BAT Inds.	25p	6	245	− 5	271	223
GKN	£1	6	268	− 4	279	237
KCA Intl.	25p	6	83	+ 5	83	41
P. & O. Defd.	£1	6	120	− 3	125	105
Plessey	50p	6	147	− 1	151	108
Beecham	25p	5	117	—	134	112
Distillers	50p	5	202	− 6	219	192

OPTIONS

DEALING DATES

First Dealing	Last Dealing	Last Declaration	For Settlement
Apr. 21	May 3	Jul. 24	Aug. 4
May 6	May 16	Aug. 7	Aug. 18
May 19	Jun. 6	Aug. 28	Sept. 8

For rate indications see end of Share Information Service.

Money was given for the call of Premier Consolidated, Valor, MF North, Pilkington Bros., North Kalgurli, Grattan Warehouses, Lasmo, Oil Search, Revertex, Wood Hall Trust, Associated Fisheries and British Petroleum. No puts were reported, but Premier Consolidated were dealt in for the double.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p‡	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
85	F.P.	16/5	96	88	Amstrad Cons. Elect.	90	—	bd3.3	3.0	6.2	7.2
—	F.P.	—	180	135††	Hemerdon Mining 10c	140	—	—	—	—	—
§90	F.P.	—	101	94	Morley (R.H.) 10p	98	—	b4.73	1.3	8.9	15.7
—	F.P.	—	34	25½	Roche Plant 10p	26½	+1	1.25	2.7	6.7	6.2
§10	F.P.	6/6	10¾	10	Trst. of Prop. Shrs. 0p	10	—	—	—	—	—
**	F.P.	23/5	25	18	Ward Hldgs. Dfd.	26½	—	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
100p	F.P.	—	101	98	Edwards (L.C.) 6% Conv. Red. Cum. Pref	101	—
—	—	8/8	112	104	Globe Inv Tst 11½% Conv Uns Ln '90-95	107½	—
¶¶	F.P.	30/5	106	98¼	Imp. Cont. Gas 8% Conv. Loan. 1995-2000	105½	+1
‖	F.P.	2/5	106	100½	Leigh Interests 10pc Conv. Uns Ln. 1984-85	104	—
¶	F.P.	29/5	96	93½	Mid Kent Water 9% Red Pref. 1985	96	+½
¶	F.P.	30/5	101¼	100¼	Mid Southern 10% Red Prf. 1986	101¼	—
‖	Nil	—	3½pm	5pm	North Brit. Props. 9½% Cov. Uns. Ln., 1998	4pm	−½
¶¶	F.P.	8/5	92	91	Norwest Holst 11½% Red Cum Pref 1986	92	—
¶	F.P.	30/5	101	98½	Sutton District Water 10pc Red Pref. 1985	101	—

"RIGHTS" OFFERS

Issue Price p‡	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing Prices p‡	+ or −
223	F.P.	—	—	366	283	Aran Energy	369	+2
80	F.P.	1/6	12/6	140	120	Brent Chemicals	140	—
27	Nil	—	—	3pm	1pm	First Castle Secs.	3pm	+½
60	F.P.	3/1	24/1	862	660	Hammerson Prop. A	860	−5
48	F.P.	25/4	23/6	65	58	Howard Tenens	58	—
60cts	Nil	—	—	455pm	190pm	Pancontinental	250pm	+8
54	Nil	—	—	73	67	Rugby Portland Cement	73	+1
180	F.P.	—	—	126pm	114pm	Unitech	117pm	−1
68	F.P.	—	13/6	74	68	United Biscuits	76	+1
110	F.P.	23/4	13/6	143	123	Watmoughs	143	—

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9

Sterling Bond Fd.	47.2	49.6	—	—
Sterling Equity Fd.	59.1	62.0	—	—
Intnl. Bond Fd.	US$0.98	1.03	—	—
Intnl. Equity Fd.	US$0.99	1.03	—	—

Prices at May 7. Next dealing May 14.

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441

Quest Stlg. Fxd. Int.	£0.812	0.860	—	14.53
Quest Intl. Secs.	$0.908	0.977	—	4.40
Quest Intl. Bd.	US$0.872	0.923	—	10.29

Prices on May 7. Next dealing May 14.

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460

Commodity Trust	129.89	136.73	—	—

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349

American Ind. Tst.	£4.67	4.77	+0.05	—
Copper Trust	£13.01	13.32	—	—
Jap. Index Tst.	£13.31	13.63	+0.31	—

Surinvest Trust Managers Ltd.
48, Athol Street, Douglas, Isle of Man. 0624 23914

The Coin Trust	105.3	110.7	—	—

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	45.9	49.4	.....	2.07
Abbey Capital	26.2	29.1xd	-0.3	5.08
Abbey General	47.0	52.0	-0.2	5.09
Abbey Gilt & F.I. Tst.	105.2	110.3	-1.0	9.48
Abbey Income	41.4	44.4	-0.2	8.84
Abbey Intl. Bd. Tst.	94.9	100.4	+0.5	5.48
Abbey Inv. Tst. Fnd.	37.3	40.3	-0.1	6.19
Equitas Prog. Trust	68.4	74.0xd	-0.2	6.06

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	85.7	90.3	-2.2	13.26

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	75.3	80.6	-0.4	6.58
Brit. Inds. Fund	69.2	74.0	-0.4	6.04
Growth & Income	41.8	44.7	-0.2	5.64
Elect. & Ind. Dev.	37.1	39.7xd	-0.1	6.17
Allied Capital	76.5	81.9xd	-0.3	5.20
Hambro Fund	117.2	125.7	-0.8	6.44
Hambro Acc. Fund	144.2	154.3	-0.7	5.83

Income Funds

High Yield Fd.	65.3	69.9	-0.4	10.87
High Income	69.0	73.8	-0.5	8.27
A. H. Eq. Inc.	40.7	43.5	-0.3	8.25

International Funds

International	27.1	29.0	.....	3.73
Pacific Fund	55.0	58.1	+0.2	2.57
Secs. Of America	55.6	59.9	+0.3	2.35

Specialist Funds

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. April 25	202.0	215.9	.....	5.74

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.2	18.1	.....	7.89
Gt. Winchester O'seas	19.9	22.0	.....	5.01

Emson & Dudley Tst. Mngmnt. Ltd.
20, Albemarle St., W1. 01-499 7211

Emson Dudley Tst.	68.1	73.2	-3.0	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	72.6	76.4	-0.2	5.55

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	22.3	23.8	+0.1	12.90
Fixed Interest	25.0	26.4	-0.1	12.90
Growth + Income	29.5	31.1	-0.2	7.72
Special Sits.	28.5	30.1	-0.2	3.19

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	26.4	28.4xd	.....	2.54
Accum. Units	32.5	34.9xd	.....	2.54
J. Finlay High Income	31.8	34.2xd	.....	10.51
J. Finlay Euro.Fin.	21.2	22.8	.....	4.80
Accum. Units	26.5	28.5	.....	4.80
J. Finlay Fd.In.Tst.	32.8	35.3xd	.....	5.23
Accum. Units	40.5	43.5xd	.....	5.23

Prices on May 7. Next dealing May 14.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American May 6	48.4	51.6	.....	1.39
Am. T'around May 6	47.8	51.0	.....	2.00
Capital Tst.	51.4	54.8xd	-0.2	4.94
(Accum. Units)	52.2	55.8	.....	4.92
Extra Income Trust	47.4	50.6	-0.4	10.39
Income Tst.	37.4	39.8	.....	8.36
Int. Growth Fd.	41.8	44.6xd	.....	2.26
(Accum. Units)	44.4	47.4	.....	2.26

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	48.9	52.2xd	-0.2	5.16
Do. Accum.	68.9	73.6	-0.3	5.16

Funds in Court*

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1980 High	1980 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
98⅓⅔	95⅞	Treasury 3½pc '77-80	98⅓⅔	......	3.55	16.16
98⅞	96	Funding 5¼pc '78-80‡‡	98⅞	......	5.31	16.17
99⅜	97⅞	Exchequer 13pc 1980‡‡	99⅜xd	+¹⁄₁₆	13.08	14.94
98⅝	96¼	Treasury 11½pc 1981‡‡	98⅝	+⅛	11.69	13.96
92¼	90¼	Treasury 3½pc 1979-81	92¼	......	3.79	19.34
96½	93⅞	Treasury 9¾pc 1981‡‡	96¼	−⅛	10.12	14.28
94⅞	91¼	Exch. 8¼pc 1981	94½xd	−⅛	8.73	13.92
94⅞	92¼	Exch. 9½pc 1981	94⅝	−⅛	10.03	14.31
91	85½	Exch. 3pc 1981	91	+⅛	3.29	10.66
97⅜	96½	Treas. Variable '81§§	97⅞xd	......	16.37	18.16
98⅛	95⅜	Exch. 12¾pc 1981‡‡	97⅜xd	−⅛	13.03	14.38
92⅜	88½	Treas. 8½pc '80-82‡‡	91⅞	−¼	9.25	14.80
87⅞	82½	Treasury 3pc '82‡‡	87⅞	+⅛	3.41	10.65
100⅜	96⅝	Treasury 14pc '82‡‡	99⅞	−⅛	14.02	14.86
95⅞	94¼	Treas. Variable '82§§	95¼	......	17.33	19.29
90¾	86⅛	Treasury 8¼pc '82	90⅛	−⅛	9.15	13.65
91	86⅜	Exch. 9¾pc 1982	90⅜	−⅛	10.25	14.11
89⅝	85	Exch. 8¾pc 1983	89	−⅛	9.83	13.78
81¼	76½	Exch 3pc '83	81¼	+¼	3.69	10.97
95¼	90⅞	Treasury 12pc 1983‡‡	94⅛	−½	12.71	14.43
93¾	90⅝	Treas. Variable '83§§	93⅞xd	......	17.22	19.35
92⅜	84½	Treasury 9¾pc '83	87½	−½	10.57	14.22
98⅜	94¼	Exch. 13½pc '83	97¼xd	−⅝	13.88	14.52
89⅜	84½	Exch. 10pc 1983	88½xd	−½	11.29	19.22
80¼	76½	Funding 5½pc '82-84‡‡	80⅛	......	6.86	12.35
92⅜	87¼	Exch. 11¼pc 1984	91¼	−⅛	12.32	14.27
100⅜	94½	Exchequer 14pc. 1984	99xd	−⅛	14.14	14.34
72⅛	68¼	Exch. 3pc 1984	72	......	4.17	11.78
94⅝	88⅛	Treasury 12pc 1984	93½	−⅛	12.83	13.99
104⅛	98	Treasury 15pc 1985	103	−⅛	14.56	14.07

Five to Fifteen Years

Over Fifteen Years

1980 High	1980 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
22⁹⁄₁₆	18¾	Trs. 13½pc 04-08 (£20pd)	21¼	−⅛	13.94	13.95
50⅛	42⅞	Treasury 5½pc '08-12‡‡	47⅛	−⅛	11.89	12.20
64⅞	57½	Treasury 7¾pc '12-15‡‡	63⅞	−⅛	12.56	12.66
94⅝	85⅛	Exch. 12pc '13-'17	88¼xd	−⅛	13.35	13.38

Undated

1980 High	1980 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
32⅞	29	Consols 4pc	31⅞	−⅛	12.99	—
33¾	28⅞	War Loan 3½pc‡‡	32¼xd	+⅛	10.78	—
37¼	32¼	Conv. 3½pc '61 Aft.	34	−⅛	10.41	—
25⅛	21⅛	Treasury 3pc 66 Aft.	23¼	−⅛	13.06	—
22⅞	19½	Consols 2½pc	20⅝	−⅛	12.26	—
20⅞	17⅞	Treasury 2½pc	19¼	−⅛	12.83	—

INTERNATIONAL BANK

1980 High	1980 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
86	78	5pc Stock '77-82	85¼	......	5.07	12.64

CORPORATION LOANS

1980 High	1980 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
89½	83⅝	Bath 11¼pc 1985	89xd	+¼	12.67	14.24
98¼	89½	Burm'ham 12¼pc 1985	92½xd	−¼	13.37	14.31
98½	96¾	Bristol 13¾pc 1981	98½	......	14.01	16.15
98¼	90	Burnley 13pc 1987	93xd	......	13.82	14.35
89½	82¾	Cardiff 11pc 1986	87xd	−¼	12.70	14.22
96¼	93	G.L.C. 12½pc '82	96¼xd	......	12.98	14.69
94⅞	90⅜	Do. 12½pc 1983	94¼	−½	13.26	14.77
88⅞	84¼	Glasgow 9¼pc '80-82	88½xd	−¼	10.45	14.93
71¼	64½	Herts 6¾pc 1985-87	70½	−¼	9.82	13.60
86¼	81¼	Liverpool 9¾pc '80-84	86xd	−⅛	11.34	14.45
27	24	Do. 3½pc Irred.	26	......	13.87	—
96¼	92¼	Lon. Corp. 13¼pc '83	96xd	−⅛	13.80	14.73
86½	79¼	Do. 9¼pc '84-85	84	......	11.13	13.77
79	71	L.C.C. 5½pc '82-84	74	......	7.44	13.86
66	60½	Do 5½pc '85-87	65¼	−¼	8.69	13.76
66	60¼	Do 6¾pc '88-90	64¼	−¼	10.79	13.65
23¼	21	Do. 3pc '20 Aft.	22xd	......	13.72	—
97½	95⅜	Newcastle 9¼pc '78-80	97½	......	9.49	16.75
93¼	87¼	Sunderland 12¼pc 1984	93	−¼	13.17	14.34

COMMONWEALTH AND AFRICAN LOANS

1980 High	1980 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
87¼	82¼	Aust. 5½pc '81-82	87¼	......	6.34	13.67
79½	72½	Do. 6pc 1981-83	77¾xd	......	7.68	13.98
64	58	N.Z. 7¼pc 1988-92	63¾	−¼	11.84	13.96
78¼	72	Do. 7½pc '83-86	78	−¼	9.49	13.63
92¼	88	Sth. Africa 9½pc '79-81	91¾xd	......	10.37	16.01
160	107	Sth. Rhod. 2½pc '65-70	160	......	—	—
165	133	Do. 6pc '78-81	165	......	—	—

LOANS

Public Board and Ind.

1980 High	1980 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
60	56½	Agric. Mt. 5pc '59-89	59½	......	8.55	12.82
79	73½	Alcan 10½pc '89-94	79	......	13.85	14.70
28½	25	Met. Wtr. 3pc 'B'	27	......	11.34	13.36
102	89	U.S.M.C. 9pc 1982	96	......	9.79	—
90	85½	Do. without Warrants	90	......	10.46	16.50

LOANS—Continued

Financial

1980 High	1980 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
98½	96½	FFI 13pc 1981	98	+¼	13.27	15.85
97¼	93½	Do. 14pc '83	97¼	......	14.33	14.79
84½	79½	ICFC 5½pc Deb. '80-82	84	......	6.60	14.85
74½	71½	Do. 6¼pc Db. '81-84	74xd	+½	8.44	14.30
89	80½	Do. 10½pc Uns.Ln. '86	88½	−½	12.39	14.55
88	77	Do. 11pc Uns.Ln. '88	88	......	13.06	14.00
90	82	Do. 11¾pc Uns.Ln. '90	90	......	13.68	14.50
62	56	Do. 7¾pcADeb. '89-92	62	......	12.36	14.30
61	51½	Do. 7¾pcA Db. '91-94	58½	+½	12.66	14.40
72	64½	Do. 9pc'A' '91-94	68½	......	14.09	14.30
66	61	Do. 8⅞pcLn. '92-97	65½	−½	13.98	14.65
95	84½	Do. 12pc. Uns. Ln. 1992	90	......	14.15	14.60

FOREIGN BONDS & RAILS

1980 High	1980 Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
57	43	Antofagasta Rly.	50	......	—	—
50	50	Do. 5pc Pref.	50	......	—	—
98	98	Chilean Mixed	98	......	—	3.99
58	45	Chinese 4½pc 1898	45	......	—	—
45	38	Do. 5pc 1912	38	......	—	—
24	18	Do. 5pc 1913	21	......	—	—
24	17½	Do. 5pc 1925 Boxer	24	......	—	—
430	425	German Yng. 4½pc.	430	......	4½	—
35	28½	Greek 7pc Ass.	30xd	......	3½	11.66

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1980 High	1980 Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's	P/E
244	202	ANZ SA1	208	−2	Q22c	3.7	5.4	5.0
245	183	Alexanders D. £1	236	−4	16.0	—	9.7	—
£76½	£56	Algemene Fl.100	£64½xd	......	Q25%	1.9	7.8	6.9
360	290	Allen Harvey £1	350	......	21.5	—	8.8	—
128	108	Allied Irish	108	......	hQ8.09	—	7.3	—
16¼	13	Ansbacher (H.) 5p.	14	+¼	—	—	—	—
230	180	Arbuthnot L. £1	228	......	†10.42	—	6.5	—
360	315	Bk. Ireland £1	315	−5	Q25.0	—	7.7	—
£162	£146	Do. 10pc Conv.	£150	......	Q10%	—	F6.7	—
*8	5	Bk. Leumi $0.1	8xd	+2½	gQ11.4%	—	1.4	—
120	100	Bk. Leumi (UK)£1.	120	......	8.57	—	10.7	—
178	137	Bk. N.S.W. SA1	144	−2	Q18c	3.0	6.4	5.2
305	235	Bank Scotland £1	240xd	−3	15.0	5.1	8.9	3.8
£20¼	£16¼	Bankers N.Y.$10	£20¼	+1⅞	Q$3.30	—	7.3	—

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

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INDUSTRIALS (Miscel.)

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هكذا من الأصل

INDUSTRIALS—Continued

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
33	22	Hirst Wal'son 20p	24	—	2.6	1.4	15.5	(4.6)
80	75	Holden (A.)	80	—	†4.0	3.4	7.1	5.6
51	44	Hollis Bros.	44	—	†5.12	1.8	16.6	4.2
256	218	Holt Lloyd Int. 10p	218	—	F9.0	2.3	5.9	12.0
182	120	Hoover 'A'	178	−4	12.0	0.9	9.6	(17.3)
103	93	Hoskins & H 20p	103	—	8.0	◆	11.7	◆
80	54	Howard Tenens	58	−1	b2.28	—	5.6	—
375	290	Hunting Assoc.	340	−5	22.5	11.4	7.0	9.6
98	66	Huntleigh 10p	76xd	—	1.19	◆	2.2	◆
87½	61	Hutch Whamp SHK1	75	—	¶Q28c	◆	3.9	◆
25½	19	Hyman (I. & J.) 5p	20	—	1.25	◆	9.4	◆
£11¼	845	I.C. Industries$1.	£10⅝	+½	Q$2.00	—	8.7	—
345	311	ICI	334	+1	h2.97	6.9	5.2	5.0
32	24	Ingall Inds. 10p	24	—	†2.27	1.7	13.5	7.0
134	107	Initial Services	129	—	†5.5	2.5	6.1	7.6
18	10	Inter-City 20p	11	—	0.6	◆	7.8	◆
57	44	J.B. Holdings 10p	44	—	3.0	◆	10.1	◆
150	120	Jacksons Bourne	120	—	†43.0	3.3	3.6	11.4
16½	14½	James (M.) Ind. 20p	15½	−½	20.75	3.3	6.9	9.3
149½	108	Jardine M. SHK5	126	+2	MQ82c	◆	6.1	◆
29	21½	Jentique	22½	+1	2.48	1.6	15.7	4.2
7	4½	Johnson & Barnes	5	—	—	—	—	1.9
180	135	Johnson Clnrs.	155	−1	6.2	3.8	5.7	5.0
300	205	Johnson Mthy. £1	265	+3	†8.5	2.9	4.6	9.1
57	39½	Jourdan (T.) 10p	52	—	4.2	0.6	11.5	20.2
75	63	Kalamazoo 10p	65xd	—	3.75	1.6	8.2	10.9
133	98	Kelsey Inds.	128	—	6.0	4.1	6.7	5.2
72	53	Kennedy Sm. 10p	60	—	†2.8	3.7	6.7	7.9
362	225	Kershaw (A.) 5p	325	+5	h21.75	8.6	9.6	(34.7)
75	69	Kleen-E-Ze Hldgs.	73	—	d4.5	2.1	8.6	7.8
82	67	L.C.P. Hlds	76	—	†h3.67	2.3	6.9	7.9
28	19	L.K. Ind'l. Invs.	19	−4	1.5	—	11.3	—
32	25	L.R.C. Int. 10p	28	−1	2.23	1.4	11.4	8.4
64	51	Lawtex	51	—	†3.56	4.5	10.4	2.3
164	138	Lead Inds. 50p	161	—	9.66	2.7	8.6	5.6

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

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Commercial Vehicles

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Garages and Distributors

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TOBACCOS

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Investment Trusts

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Finance, Land, etc.

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FINANCE, LAND—Continued

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OIL AND GAS

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OVERSEAS TRADERS

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RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

235	130	Messina R0.50	190	—	mQ10c	◆	3.1

Miscellaneous

160	78½	Anglo-Dominion	145	—	—	—	—
97	58	Barymin	60	−5	—	—	—
16	12	Burma Mines 17½p	15	−½	0.62	◆	6.0
502	320	Cons. Murch. 10c.	330	−10	MQ100c	2.8	17.3
585	325	Northgate C$1	335	+5	—	—	—
485	327	R.T.Z.	358	+10	15.0	q3.3	6.2
33	16	Robert Mines	23	−1	—	—	—
58	27	Sabina Inds. C$1.	30	+3	—	—	—
650	420	Tara Exptn. $1	420	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ■ "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ *Interim since reduced, passed or deferred.*
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ *Same interim: reduced final and/or reduced earnings indicated.*
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- II No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	29	—	**IRISH**		
Bertam	17	—	Cont. 9% '80/82	£87⅞	—
Bdg'wtr. Est. 50p	405	—	Nat. 9¾% 84/89	£74½	—
Clover Croft	60	—	Fin. 13% 97/02	£82⅞	−⅛
Craig & Rose £1	£10½	—	Alliance Gas	50	—
Fife Forge	34	—	Arnott	380	—
Finlay Pkg. 5p	18xd	—	Carroll (P.J.)	52	—
Graig Ship. £1	£15	−½	Clondalkin	105xd	—
Higsons Brew	85	—	Concrete Prods.	75	—
Holt (Jos) 25p	252	—	Helton (Hldgs.)	40	—
I.O.M. Stm. £1	177	—	Ins. Corp.	250xd	—
Pearce (C. H.)	400	—	Irish Ropes	60	—
Peel Mills	40	—	Jacob	51xd	—
Sheff. Refrshmt.	100	—	T.M.G.	198	−22
Sindall (Wm.)	155	—	Unidare	103	—

OPTIONS

3-month Call Rates

Industrials					
		I.C.I.	32	Utd. Drapery	9
A. Brew	8	"Imps"	T	Vickers	14
BOC Intl.	6	I.C.L.	45	Woolworths	6½
B.S.R.	5	Inveresk	5		
Babcock	12	Ladbroke	15	**Property**	
Barclays Bank	30	Legal & Gen.	14	Brit. Land	7
Beecham	13	Lex Service	10	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	25
Boots	17	"Lofs"	3½	MEPC	17
Bowaters	16	London Brick	6	Peachey	13
B.A.T.	25	Lucas Inds.	20	Samuel Props.	12
Brown (J.)	7	"Mams"	14	Town & City	2
Burton 'A'	22	Mrks. & Spncr	9		
Cadburys	5½	Midland Bank	30	**Oils**	
Courtaulds	11	N.E.I.	5	Brit. Petroleum	58
Debenhams	0	Nat. West. Bank	32	Burmah Oil	20
Distillers	21	P & O Dfd.	9	Charterhall	12
Dunlop	5½	Plessey	16	KCA	11
Eagle Star	14	Racal Elect.	20	Premier	12
F.N.F.C.	2½	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	18	Tricentrol	35
Gen. Electric	38	Reed Intnl.	17	Ultramar	50
Glaxo	40	Sears	5½		
Grand Met.	12	Tesco	T	**Mines**	
G.U.S. 'A'	30	Thorn	25		
Guardian	23	Trust Houses	14	Charter Cons.	18
G.K.N.	22	Tube Invest.	27	Cons. Gold	52
Hawker Sidd	16	Unilever	40	Lonrho	12
House of Fraser	12	U.D.T.	6	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 44

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FINANCIAL TIMES

Friday May 9 1980

OPEC plan on crude pricing

BY ANTHONY McDERMOTT

THE MAJORITY of members of the Organisation of Petroleum Exporting Countries reached agreement in principle yesterday on a system of long-term pricing for crude oil.

The agreement met strong opposition from Iran, Algeria and Libya at a two-day extraordinary OPEC Ministerial conference, which ended in Saudi Arabia yesterday. The meeting also failed to agree on a method for establishing the flor price from which to start any pricing mechanism.

Under yesterday'a partial agreement, crude oil prices would be adjusted on a quarterly basis according to the following elements:

● An index reflecting hotb the trend of prices paid by OPEC members for imports from countriea in the Organisation for Economic Cooperation and Development, and the trend of domestic consumer price indices within the OECD.

● An automatic exchange adjustment factor based on the "basket" of nine currencies (eight West European countries plus Japan) together with the U.S. dollar.

● An index based on the growth in real Gross National Product of the OECD countries.

The objections of the militants were based partly on their desire to maximise earnings and partly on their view that the proposed mechanism takes too little account of key economic indicators among the oil producing countries themselves.

Within OPEC, bowever, the broad acceptance of the atrategy represents some sort of a victory for the moderates.

But, as Sheik Ahmed Zaki Yamani, Saudi Arabia's Oil Minister and chairman of the report committee, said: "Pricing was discussed, not prices."

As Dr. Humberto Calderon-Berti, Venezuela's Energy Minister said: "We cannot apply (the pricing policy) if we do not have an agreement on price."

At present, crude oil prices are in unprecedented disarray, making it impossible to reach agreement on a comon floor price as the sterling point for gradual index-linked rises in crude.

It also emerged yesterday that the question of production levels which some countries earlier had been trying to link directly with pricea, waa not discussed.

The long-term strategy report emphasises that development "does not necessarily mean the maximisation of oil revenues" and thatp ricing strategies have also to take account of both the industrialised and developing countries.

The partial agreement emerged after six hours of talks among the Ministers without aides of the 12 countries represented. (Nigeria was absent).

The conference reaffirmed "the intention of member countries not to replace Iran's crude oil exports in the international markets."

The conference also fully accepted a recommendation in the strategy document for increased OPEC aid to developing countries in the form of guarantees of oil supplies, grants and loans to belp balance of payment difficulties, and to help them pay their oil bills.

Government to tax gas profits

By Martin Dickson, Energy Correspondent

THE GOVERNMENT is to impose a levy on the Britisb Gas Corporation to cream off part of its rapidly risiog profits. British Gas last night said it was "very disappointed" at tbe decision.

Mr. David Howell, Energy Secretary, announced that a levy would be applied to the corporation's gas purchases from the UK Continental shelf which are not subject to petroleum revenue tax.

He gave no details of the rate at which what is effectively an excess profits tax would be levied, but the sums involved could be very large.

British Gas pre-tax profits in tbe year to Marcb 31 were £360m. This is expected to rise to £600m in the current year, largely because of big price rises.

Mr. Howell said the levy would mean that "some of the financial benefits, wblch would otherwise accrue to the corporation, will be permanently transferred to tbe benefit of the nation as a wbole."

The indications last night were that tbe levy would go into the general Exchequer pol and not be assigned for a specific purpose.

Mr. Howell said the corporation's financial targets, set by the Government, would be modified to compensate for the levy, wbich would therefore have no effect on gas prices.

But Britisb Gas said it was concerned about the reaction to the levy among customers who were already confused about rising prices.

Domestic gas prices are due to go up by 10 per cent in real terms in eacb of the next three years. Although British Gas maintains the fuel will remain cheaper tban its rivals, it fears customers are beginning to drift away.

The coporation said it bad fought the levy because it would reduce cash reserves at a time when a huge onsbore and offshore investment programme was being planned.

It is a net lender to Government and one effect of the levy is likely to be a rednction in the interest it earns on such loans.

Soviet crop fears boost sugar to five-year high

BY JOHN EDWARDS, COMMODITIES EDITOR

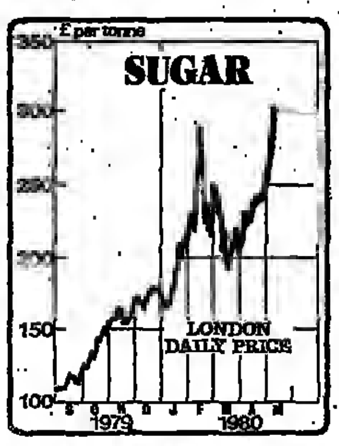
WORLD sugar prices surged to the highest level for morfe than five years on the London market yesterday. The daily price for raw sugar rose by £22 to £304 a tonne—the highest since the 1974 boom when prices passed £750 a tonne for a brief time. On the futures market the August position jumped by £23.25 to £324.64 a tonne.

The main influence behind yesterday's movement was a report that bad weather bas bit sugar beet plantings in the Soviet Union, the world's biggest producer.

It is feared that the delay in plantings could cut the beet crop this year, especially as the Soviets are expected to con- production to offset the impact of the U.S. embargo on grain sales to the Soviet Union.

The USSR bas been a major buyer of sugar on the world market this season as a result of a poor crop in 1979 and a big shortfall in Cuba, wbich normally exports a large qnantity to the Soviet Union.

It is estimated that the Soviets have bougbt about 2m tonnes so far, but there bave been persistent rumours of further large purchases recently.



The market has also been boosted by recent sugar buying by several countries. This week Australia annonnced it bad agreed to sell 150,000 tonnes to China, bringing its total sales to the Chinese this year to a record 280,000 tonnes.

India, normally a sugar exporter, admitted officially yesterday that it bad been forced to import 200,000 tonnes to relieve a temporary shortage of supplies for its growing domestic market.

Meanwhile, the EEC has reduced its exports of surplus sugar by cutting the subsidies paid to make its sugar competitive on the world market. This week only 16,000 tonnes of sugar exports were authorised and the export rebate was cut to a low level.

At present the Community price for sugar is about £290 a tonne. If the rise in the world market is sustained, the EEC Commission may be able to impose an export levy to bring in some revenue after the beavy expenditure last year to dispose of surplus sugar on the world market.

The EEC is the main source of supply for "wbite" (refined) sugar, currently in most demand. But with the failure to agree on a new common sugar regime, because of disagreements over proposed production cuts, the Commission may be encouraged to hold back supplies in anticipation of higher prices.

Speculators, wbo drove sugar prices up earlier this year, are also believed to be back in the market on a large scale.

India has to buy sugar, Page 43

Rayne in £96m Westpool deal

BY ANDREW FISHER

PROPERTY MILLIONAIRE Lord Rayne yesterday unveiled a complex £96m deal aimed at transferring control of his business empire from private companies to a small quoted investment trust called Westpool.

S. Pearsoo, the industrial, finance, and publishing group which has been associated with Lord Rayne for 10 years, is also involved in the transaction and will now be able to take some of its profit by selling ahares in Westpool.

Since the two sides combined through Millrayne, a private company which bas a near 40 per cent stake in Lord Rayne's chief company, London Merchant Securities, Pearson's investment has tripled in value.

Mr. Michael Hare, chief executive of Pearson, said the group's investment in Millrayne originally cost £10m.

By selling half of the 22m sbares it will receive under the Westpool transaction, it will raise over £14m. Pearson recently agred to buy Fairey Holdings, the engineering company, from the National Enterprise Board for £24m.

For both Pearson and Lord Rayne, the attraction of the deal is the switcb from an investment in a private company to one in a quoted concern with more marketable securities.

The initiative for the deal, which will leave Westpool with just over 50 per cent of LMS, came from Lord Rayne. "But it suits us very well," said Mr. Hare.

The deal will he effected by Westpool merging with Millrayne, in wbicb Lord Rayne bas a 52 per cent stake, and other Rayne companies, and by buying the LMS sbares owned by his charitable trusts.

Lord Rayne, the shareholders of the Rayne companies and the cbarities' trustees will then control 57.3 per cent of Westpool, now owned by major insurance companies.

Details, Page 30

Continued from Page 1

Bill for Iran sanctions

backbenchers are likely to abstain.

But a widespread view at Westminster was that the Bill was the minimum action the Government could take, to give sufficient public backing to President Carter.

Maintenance of the Western Alliance was clearly foremost in Ministers' minds when they approved publication of the Bill.

The intention isc learly to impose limited aanctions. Even these conld be introduced gradually, depending on the fluid situation in Iran, the attitude of the EEC Foreign Ministers, and reactions in Parliament.

Significantly, there is no reference to penalties for breach of sanctions. These would be included in any Orders, but the whole emphasis is on launching a demonstration to persuade the Iranian authorities they cannot prosper in economic relations with the West while they bold the U.S. bostages.

Certain measures in the UN Security Council resolution blocked by the Russians in January are already contained in the Import, Export and Customs Powers (Defence) Act of 1939. The new Bill plugs the gaps in the resolution.

These broadly involve future service contracts in support of industrial contracts, the shipment of goods to Iran from third countries in Britisb ships or aircraft, and merchandising arrangements where UK subjects could act as intermediaries for the supply of forbidden goods to Iran.

Overall, the likely EEC moves fall short of what the Foreign Ministers were aiming for in Luxembourg on April 22, which was to impose trade sanctions in line with the UN resolution of January 10.

All Nine voted for this resolution, under which they would have had to ban existing contracts

Surprisingly, little work was subsequently done in EEC capitals on the legal situation which would have arisen if member states had been required by the UN to mount a trade embargo.

Shipyard workforce cuts urged

By William Hall, Shipping Correspondent

BRITISH SHIPBUILDERS is to call on Monday for nearly 600 voluntary redundancies at Robb Caledon's Dundee shipyard. The move follows the failure of an intensive drive to win new orders for the beleagured Scottish shipyard, which bas virtually run out of work.

Last month, the workforce at tbe Dundee yard rejected proposals for voluntary redundancies. At a meeting in Newcastle yesterday, a delegation from the yard proposed to Britisb Shipbuilders that the workforce need only be trimmed back from 925 to 764 workers.

But British Shipbuilders wants to cut the workforca to 350 and has offered to maintain employment up to the end of the year for tbis number while it seeks more orders for the yard. Some 700 tonnes of prefabricated steel work has been promised hy another British Shipbuilders' yard.

Robb Caledon's Dundee yard has been badly hit by its workforce's protests against the threatened closure. Mr. Ken Griffin, British Shipbuilders' deputy cbairman, said yesterday that unless it acted swiftly it would be endangering the fnture employment of the rest of the yard's workforce.

Lloyd's faces £20m NBC claim

BY IAN HARGREAVES AND JOHN MOORE

UNDERWRITERS AT Lloyd's of London face possible claims of $45m (£19.7m) after the decision of the National Broadcasting Corporation (NBC) from televising the Olympic Games in Moscow.

NBC is likely to make other insurance claims of up to $35m against U.S., UK and continental insurers. All the insurances cover costs incurred by NBC in securing the rights from the Olympic and Soviet Games and would become payabla in the absence of coverage.

No claims bave yet been made against Lloyd'a underwriters. There may be a difficulty in settling any claims after NBC's voluntary withdrawal from the coverage. Wordings in the policy may exclude that contingency.

Underwriters at Lloyd's are looking to a negotiated settlement with NBC in an attempt to avoid the possibility of protracted legal action.

NBC had refused previously to rule out the possibility of coverage, although it had looked unlikely that U.S. athletes would compete in the Games since President Carter raised the qnestion of an Olympics boycott as part of the U.S. response to the Soviet invasion of Afghanistan.

Three weeks ago, the U.S. Olympic Committee agreed to support the boycott. NBC had already booked about $17m-worth of advertising to be screened during the games. Advertisers have heen urged to move their advertisements to other programmes.

Leaders talk at Tito's funeral

By Anthony Robinson and David Tonge in Belgrade

THE HOPE that President Tito's funeral would provide an opportunity for impromptu talks between the great powers dissolved last night as the Soviet impromptu light as Mr. Leonid Brezhnev, the Soviet President, flew home without exchanging even a nod of recognition with either Chairman Hua Guofeng of China or U.S. Vice-President Walter Mondale. But the refusal of the great powers to take advantage of the funeral for the first top level discussion of the deterioration in East-West and Sino-Soviet relations since the Soviet invasion of Afghanistan did not prevent intense diplomatic activity among other world leaders.

In the absence of President Jimmy Carter, Herr Helmut Schmidt, the West German Chancellor, emerged as the most active and sought-after Western leader.

At the same time, the absence of Cuban President Fidel Castro, chairman of the non-aligned movement, also encouraged what appeared to he a hid for moral leadership of the movement by Mrs. Indira Gandhi, the Indian Prime Minister.

Mrs. Gandhi held meetings with both President Brezhnev and Chairman Hua. She also met Herr Schmidt, had breakfast with Mrs. Margaret Thatcher, and held talks with President Ceausescu of Romania and many other leaders.

Mrs. Gandhi and the North Korean leader Kim Il Sung were the only two leaders to meet both President Brezhnev and Chairman Hua formally, although Chancellor Schmidt also bad a brief conversation with both during the funeral.

Earlier, Herr Schmidt bad discussed East-West German relations with Herr Erich Honecker, East German State and Party chief. Herr Honecker subseqnently met President Brezhnev and Mr. Andrei Gromyko, the Soviet Foreign Minister. After this meeting both German leaders were seen in close conversation during the funeral ceremony and planned to meet again afterwards. Chairman Hua also spoke briefly to Herr Schmidt at the funeral. Earlier, Herr Schmidt had a working breakfast witb Mr. Edward Gierek, Polish party chief, who will be bost next week to the 25th anniversary meeting of the Warsaw Pact which is expected to announce a major new initiative for a European disarmament conference.

Weather

UK TODAY

MAINLY dry with near normal temperaturea after widespread frost.

London, S. and N.W. England, E. Anglia, Midlands, Wales, S.W. Scotland, Argyll, Isle of Man, Channel Islands, N. Ireland

Dry, sunny periods. Max. 15C (59F).

N.W. Scotland

Becoming cloudy, with some rain. Max. 11C (52F).

Elsewbere

Rather cold, but bright intervals. Max. 10C (50F).

Outlook: Warm. Some rain in west and north.

WORLDWIDE

		Yday midday °C	°F			Yday midday °C	°F
Ajaccio	C	20	68	Locarno	R	12	54
Algiers	F	23	73	London	C	10	50
Amsdm.	C	9	48	Luxmbg.	C	9	48
Athens	S	22	72	Luxor	S	36	97
Bahrain	S	31	88	Madrid	S	18	64
Barclna.	F	21	70	Majorca	S	22	72
Beirut	S	21	70	Malaga	S	24	75
Belfast	C	9	48	Malta	F	22	72
Belgrd.	C	20	68	M'chstr.	F	10	50
Berlin	S	16	61	Melbne.	S	23	73
Biarritz	C	14	57	Milan	C	20	68
Bmghm.	C	9	48	Mntreal.	C	9	48
Blackpl.	F	10	50	Moscow	C	15	59
Bordx.	C	14	57	Munich	F	18	64
Boulgn.	C	9	48	Nairobi	S	20	68
Bristol	C	10	50	Naples	C	10	50
Brussels	C	9	48	Nwcstl.	C	7	45
Budpst.	F	20	68	N. York	R	9	48
Cairo	S	26	79	Nice	R	14	57
Cardiff	C	11	52	Nicosia	S	30	86
Can'b'ra	F	21	70	Oporto	F	16	61
Cape T.	C	16	61	Oslo	R	9	48
Chicago	S	9	48	Paris	C	10	50
Cologne	R	9	48	Perth	R	19	66
Cpnhgn.	C	11	52	Prague	S	19	66
Corfu	C	20	68	Rykjvk.	S	2	36
Dublin	C	9	48	Rhodes	S	20	68
Dbrvnk.	C	17	63	Rio J'o	S	27	81
Ednbgh.	S	9	48	Rome	S	19	66
Faro	S	21	70	Salzbrg.	F	21	70
Florence	F	20	68	Singapr.	C	30	86
Frankft.	R	10	50	Stckhm.	C	13	55
Funchal	C	20	68	Strasbg.	R	12	54
Geneva	C	12	54	Sydney	R	18	64
Gibrltr.	S	23	73	Tangier	S	21	70
Glasgow	F	9	48	Tehran	S	28	82
G'nsey	C	9	48	Tel Aviv	S	20	68
Helsinki	R	9	48	Tenerife	C	18	64
H. Kong	R	21	70	Tokyo	C	16	61
Innbrk.	F	18	64	Toronto	C	7	45
Invrnss.	C	6	43	Tunis	F	25	77
I.o.Man	F	9	48	Valencia	F	24	75
Istanbul	R	18	65	Venice	F	16	61
Jersey	C	10	50	Vienna	S	20	68
Jo'brg	S	15	59	Warsaw	S	17	63
L. Plms.	S	21	70	Zurich	R	8	46
Lisbon	C	17	63				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Royal Bank loses its endowment

After the unsettling bank lending figures published on Wednesday, it was only to be expected that the new gilt-edged stock, Exchequer 13¼ per cent 1992, would be frostily received, and all bnt a small fraction of it seems to have been left on the Government's Broker's books. The Bank of England's further extension of Itshelp to the Money markets seems to have been designed to prevent any rise in money rates rather than to hasten a fall, and a lowering of Minimum Lending Rate once again seems a distant prospect. The gilt-edged market is now firmly tapped, and institutional liquidity must be flagging.

Enthusiasm aeems to he lagging, too, for equities. Last week the 30 Share Index rose over 16 points on the back of interest rate hopes. But the momentum disappeared on Wednesday morning and prices have been sinking steadily since then. There has been little encouragement from Wall Street, where equity prices have not responded on any scale to a much sharper fall in interest rates than is likely in the UK.

Index fell 2.7 to 436.7

Royal Bank

Given that the average base rate of the Royal Bank of Scotland Group in the first six months to end-March was 16.25 per cent against 13.21 par cent in the second balf of 1978-79, and volume bas been moving ahead nicely in the meantime, the stock market was caught off guard wben it emerged that pre-tax profits bad eased from £55.6m to £51.8m between the two periods (though they were still well up on the £41.1m of October-March last time). This was scarcely the news the depressed banks sector had been hoping for, in a week in wbicb the Loodon clearers bave just settled a nine-month pay deal at around 20 per cent. The Royal Bank's own share price eased 5p to 80p, back to the year's low point.

There seem to be various reasons why profits falled by sucb a large margin to reach the £65m or so expected by many bank analysts. The group has put an extra £3m into its pension fund to meet deficienciea related to the recent jumps in pay, while a bad debt charge of £6.1m (mostly in the Royal Bank rather than Williams and Glyn'a) is somewhat on the high side. Elsewbere, leasing profits were more than £2 lower than in the previous April-September period, partly because of higher funding costs and partly because a jump in leasing volume has an unfavourable initial impact on the basis of the group's sum of the digits accounting method. Another adverse factor was a £2¼m los on gilt-edged switching as the group went for higher income.

Some of these factors will rebound favourably later on. And for the moment base rate stays at 17 per cent and loan volume continues to be strong. But the 26 per cent first half increase in staff outgoings, abead of the latest April aettlement, will underline worries about the level of clearing bank costs. The shares yield 8.4 per cent.

British Sugar

British Sugar is paying dearly for the generous deal it worked out with its farmers in 1978, under which it agreed to subsidise at "A" quota rates any "B" quota sugar they might produce, without any escalation clause to cover a possible rise in the cost of fuel for nrocesing beet. Tbe resulting bumper crop bas left BSC with a lot of bills — not least a bigh interest charge for stock financing — and it is not yet clear whether this expensive display of the British beet producers' muscle will carry much weight in the present EEC negotiations over future quotas.

Interim pre-tax profits are down from £10.2m to £9.8m, and for the year to September BSC will probably produce something just short of £30m against last year's £32.4m. Capital spending may be around £35m for the third year running, and borrowings could again rise by around £20m to give debt of £70m in the year-end balance sheet.

It has been widely assumed that after this year BSC will start running substantial cash surpluses. But the current cost depreciation charge is of the order of £25m, and BSC will have to spend this sort of amount just to keep its assets in good shape. At the same time, it looks as though the year's dividend total will be raised substantially, if only to keep the share price up beyond the clutches of S & W Berisford. Even with the higher profits that it should see in 1980-81, Britisb Sugar's cash surplus will be modest.

At 181p, unchanged yesterday, the prospective yield on the shares is 7½ per cent and the p/e is around 4 times on the company's negligible tax charge.

London Merchant

As a result of yesterday's highly complex transactions a small investment trust called Westpool emerges as the new top holding company for London Merchant Securities. S. Pearson is bowing out of Millrayne, a joint vehicle which since 197[illegible] has formed an important part of the Rayne family interests. The reshuffle will produce a classic pyramid structure, with the Rayne interests holding 57.3 per cent of Westpool which in turn will control 50.3 per cent of LMS. Thus the Rayne holdings of Westpool, worth some £60m, will control business which is currently capitalised at £225m.

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